41777

Austria	Sch. 15	Indonesia	Rp 1500	Philippines	Pes. 20
Bahrain	Din 0.650	Italy	L 1100	Portugal	Esc 65
Belgium	BFr 35	Japan	Y550	S. Arabia	Rls 6.00
Canada	C$2.50	Jordan	Fils 500	Singapore	S$ 4.10
Denmark	DKr 7.00	Kuwait	Fils 500	Spain	Pts 95
Egypt	£E1.00	Lebanon	£L 6.00	Sweden	Skr 6.50
Finland	Fmk 5.00	Luxembourg	LFr 35	Switzerland	SwFr 2
France	FFr 5.00	Malaysia	Rm 4.25	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 130
Greece	Dr 55	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
India	Rup 15	Norway	Nkr 6.00	U.S.A.	$1.50

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Tuesday January 4 1983

D 8523 B

Reaganomics, reality and recovery, Page 10

NEWS SUMMARY

GENERAL

Gales foil Danish fishery challenge

Gales in the North Sea forced Danish fishermen to postpone their challenge to new EEC fishing regulations and a possible confrontation with Britain's navy.

Some vessels did leave Danish ports, but none approached Britain's new 12-mile zone off Scotland, the Shetlands, or north-east England, where they plan to fish.

One who did not set off was Esbjerg fishermen's leader Kent Kirk, a conservative MP in the European Parliament. He hopes to set off today in his 140-ton trawler Sand Kirk, with reporters aboard. Page 12; Fishing threat, Page 2

Fatah men escape

Samih Abu Queek and other Palestinian Fatah Commando leaders escaped an assassination attempt near Baalbeck, Lebanon. PLO military leader Khalil al-Wazir denied that the PLO was negotiating with Israel about captured Israelis.

Lebanese, Israeli and U.S. delegations met for the third time in a week to try to resolve an agenda dispute about talks on an Israeli withdrawal from Lebanon. Page 2

Sorsa carries on

Social Democrat Kalevi Sorsa was reappointed Finland's Premier, leading a new coalition without Socialists and Communists.

Zimbabwe setback

Zimbabwe Government's campaign against political violence received a setback over the holidays during which 10 people, mostly whites, were murdered, two abducted, and several injured. Page 2

French protests

French workers at Strasbourg, who have been sitting in at a paper factory that has halted production, dumped tons of sawdust, blocking the Europe Bridge across the Rhine from West Germany. French anti-nuclear campaigners set sail to confront a Cherbourg-bound Japanese freighter carrying nuclear waste.

Belgian store sit-in

Hundreds of staff occupied Belgian department store Galéries Anspach branches in Brussels, Mons, Namur and Charleroi, after the management said the company was stopping trading because it was bankrupt.

Church man sacked

Ronal Carver was sacked as secretary of the Zambia Anglican Council after publication in the Times of Zambia of extracts from a private letter he sent to England, in which he described local clergy as rogues.

Rain storm kills 40

A sudden rain storm flooded Belo Horizonte, Brazil's third largest city, killing at least 40 people and leaving 1,500 homeless. Icy weather killed 11 in North India. Louisiana floods have left 10,000 homeless. Kilavea volcano erupted in Hawaii. Thousands slept outside in freezing southern Italy after earthquake tremors.

Left luggage snip

Sotheby Parke Bernet is to auction in New York in May a 3,000-year-old Egyptian statue found in a crate undisturbed for 50 years at the disused Chautauqua railway station in the Finger Lakes district.

Briefly...

China, anxious to prevent its population reaching 1.2bn by the year 2000, launched a new birth control campaign.

Caserta, Italy: Three men were burned to death in a suspected gangland killing.

Haitian underground group said it was responsible for a Port-au-Prince car bombing that killed four people and injured nine.

BUSINESS

Frankfurt exchange at 3-year record

● FRANKFURT Stock Exchange prices rose to reach the highest level of prices since October 1979, with the Commerzbank index, based on 60 companies, 9.8 points up from Thursday's close at 773.2. Page 15

● WALL STREET: Dow Jones index closed 19.5 down at 1027.4. Page 15

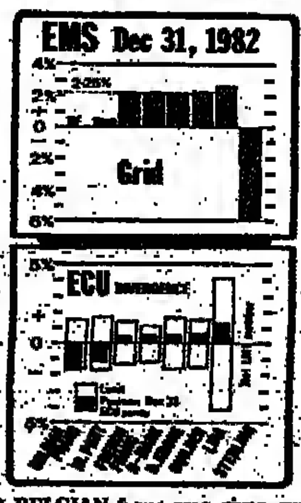
● HONG KONG: Hang Seng index fell 17.86, to 756.96. Page 15

● LONDON, and TOKYO exchanges were shut for the New Year holiday.

● ROMANIA has told Western banks it is suspending 1983 debt repayments, pending renegotiation of a rescheduling. Page 12

● EEC estimated that its crude steel production was 11 per cent down in 1982, at 110m tonnes. Berlin steel contract for UK, Page 3

● BRITISH Government asked the Austin Rover car division of BL to delay placing component supply contracts, more of which were believed to be going abroad. Page 12



● BELGIAN franc was given support on Friday, to keep it within its agreed European Monetary System limits. The German Bundesbank bought BFr 95m when the franc fell to its lowest permitted level, DM 5.0740 per 100 francs, at the Frankfurt fixing.

The Belgian currency was also near its intervention point against the guilder, but trading was quiet near the year-end.

The French franc also finished 1982 on a weak note against the D-Mark as speculation grew that the weaker members of the EMS would probably come under pressure to adjust downwards against the D-Mark and guilder early in the New Year.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● U.S. MONEY SUPPLY: M-1 fell $2.4bn to $478.1bn in the week to December 22.

● CHINA produced a record 644m tonnes of coal in 1982, 8.5m more than in 1979.

● SOVIET gas production rose by 35bn cu m to 500bn cu m, 16bn cu m more than the target figure.

● ISRAELI exports of polished gem diamonds fell 16 per cent in 1982 to $900m.

● INDONESIA, which has held oil production to an Opec-mandated 1.3m barrels a day, may increase that figure in 1983. Page 3

● SWITZERLAND'S four major banks reduced interest on three to five-month maturities from 3 per cent to 2½, and on six to 12-month maturities from 3½ per cent to 2¾.

● PRUDENTIAL, Britain's largest life company, took 6 per cent more annual premiums, at £261.8m ($423.5m) in 1982 and 45 per cent more single premiums at £204.3m. Page 16

Pressure grows on Britain to ease PLO stance

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT, IN LONDON

Algeria and Qatar have lined up beside Saudi Arabia in putting pressure on Britain to ease its policy towards the Palestine Liberation Organisation (PLO). Some Arab countries believe a change in policy is already under way.

Qatar has reportedly joined Saudi Arabia in rejecting British requests that Mr Francis Pym, the UK Foreign Secretary, should visit their countries during his tour of the Gulf which begins on Friday.

These diplomatic rebuffs have been backed up by threats of trade sanctions from Saudi Arabia and the cancellation by Algeria of a mission to London. According to trade diplomats, the mission was expected to result in the signing of a major agricultural contract.

There were suggestions yesterday, however, thet there may be movement by both sides. Mr Douglas Hurd, Minister of State at the Foreign office, told the BBC that talks were continuing to establish the basis for the Arab League mission which will come to London "within a matter of weeks."

The Kuwait News Agency said the Arab League mission would go ahead in late January. It said both sides had compromised. It quoted diplomatic sources in Rabat as saying that a PLO official would travel with the group. The group is due to hold talks in Rabat on January 21, according to the agency. British officials refused to comment on the report.

Mr Hurd yesterday sought to play down the acute concern felt in Whitehall over Britain's Middle East policy. He stressed the Government's view that the PLO must change its policy if it were to be received by senior British ministers.

There are clear divisions, however between the Foreign Office and Mrs Margaret Thatcher, the Prime Minister, over her refusal to allow any easing of Britain's line on the PLO.

Foreign Office officials are openly critical of the way the Government reacted to a sudden request that the PLO should join in the Arab League visit which was due to have been led by King Hassan of Morocco last month.

The delegation was scheduled to be received by the Queen, Mrs Thatcher and Mr Pym. But on November 21, 10 days before it was due to arrive, the Arab League asked that a PLO representative should be included.

Similar missions visited the other permanent members of the United Nations Security Council last year to put across the results of the Fez summit, although in Washington the PLO was not officially received.

On November 26 the British Government told the six Arab countries due to visit London – Algeria, Jordan, Morocco, Saudi Arabia, Syria and Tunisia – that it would only receive the PLO representative if the countries subscribed to a statement condemning terrorism and recognising that the Fez summit declaration could eventually lead to the conditional recognition of Israel.

This caused particular anger to moderate Arab countries such as Saudi Arabia, Kuwait, and Tunisia.

Senior diplomats argue that it would have been better to have asked for a postponement of the visit – even if this meant approaching Buckingham Palace for the sixth time to propose a change of timing. It appears that ministers, in particular Mrs Thatcher, insisted on maintaining their firm stand over the PLO.

Past strains between the Foreign Office and Mrs Thatcher, in particular over the Falklands, caused the Prime Minister to appoint Sir Anthony Parsons, Britain's former ambassador to the United Nations, as her special adviser.

Arab countries, and Britain's senior diplomats – many of whom have extensive Arab experience – hope that Sir Anthony's 21 years as a diplomat in the Islamic world may help him to persuade the Prime Minister of the need for a change in her approach. He begins work at Downing Street today.

Mr Hurd said that up to now there had been no sign that Saudi Arabia might retaliate on the trade front. British-Saudi trade totals more than £5bn annually.

Editorial comment, Page 10

Tokyo minister warns of trade collision course

BY GILES MERRITT IN BRUSSELS

MR SHINTARO ABE, the Japanese Foreign Minister, warned last night that the European Community, the U.S. and Japan needed to make the "utmost effort" if a collision course over trade disputes were to be averted.

The minister was speaking in Brussels at the end of talks with the European Commission. He suggested that there was a serious threat of confrontation and conflict between the world's three major trading blocs.

Mr Abe gave a veiled warning that Japan might consider retaliation if there were further protectionist barriers to Japanese exports.

Last month the EEC Council of Ministers demanded tangible assurances that Japan would restrain exports and adopt a more open policy on imports in 1983. But Mr Abe did not indicate any specific measures by the new Japanese Government which would be likely to counter the increasingly protectionist mood of the EEC member governments.

It is understood that M Gaston Thorn, President of the EEC Commission, yesterday told Mr Abe that Japan's announcement at the end of last month of further tariff cuts was appreciated. But at the same time M Thorn cautioned him that these fell short of meeting the EEC's requirements.

The Japanese minister left Brussels last night for London, where he will talk with members of the British Government before continuing to Paris, Bonn and Rome. He will return to Tokyo on January 9.

Mr Abe is due to attend key trade policy talks in Tokyo on February 13 between Japan's economic ministers. The talks will determine Prime Minister Yasuhiro Nakasone's stance when, the following week, he discusses trade frictions with President Ronald Reagan in Washington.

The only clear cut result of Mr Abe's talks with senior European commissioners was apparently a decision in principle to strengthen the regular high-level consultations between Japan and the EEC that have taken place for the past 10 years. Both Brussels and Tokyo are to examine the idea that in future these meetings should be held between ministers rather than officials, as at present.

Mr Abe yesterday underlined the new Japanese Government's determination to pursue further trade liberalisation policies. It is certain that he will find himself under heavy pressure to accelerate and expand the Japanese efforts during his tour of the major EEC capitals.

French and Japanese link up to sell industrial robots

BY DAVID MARSH IN PARIS

THE FRENCH electrical concern, Compagnie Electro-Mécanique (CEM), is to co-operate with Yaskawa Electric of Japan in selling robots throughout the two countries, in what is believed to be the first Franco-Japanese accord on industrial robot technology.

The agreement is in a field which the French Government views as vital for the country's industrial regeneration. It underlines the willingness in Paris to collaborate with Japan over high technology projects, in spite of the much-publicised trade rows between the two nations.

News of the agreement, confirmed by a CEM spokesman yesterday, comes shortly before the arrival in Paris on Wednesday of Mr Shintaro Abe, the Japanese Foreign Minister. He will be discussing with French ministers imbalances in European-Japanese trade, as part of a series of visits to EEC capitals.

Another French company, Manurhin, which is in the state-controlled Matra group, has also been discussing a robotic agreement for several months with leading Japanese constructor, Fanuc. But no accord has yet been finalised.

Under the CEM-Yaskawa agreement the French company will sell in France large industrial robots developed by Yaskawa, used mainly in factory assembly work and for transport.

Yaskawa will help market in Japan the smaller robots produced by CEM. It will also give the French company technical assistance to broaden its range of robots, which are used essentially by the motor and electrical industries.

CEM is owned 77 per cent by the Swiss-based Brown, Boveri engineering group. Under a plan being studied by the French Government it is, however, expected to come under state control soon. Alsthom Atlantique, part of the nationalised CCE group, is planned to take a majority stake.

The CEM spokesman could give no financial details on the Japanese deal yesterday. He said CEM's robot turnover, including that under the Yaskawa agreement, was expected to double this year to FFr 30m ($4.45m) from FFr 15m in 1982.

CEM would initially be selling more of its robots in Japan than Yaskawa would in the French market. Hypothetical figures were of the order of 20 Yaskawa robots to be sold in France this year and 100 next year, while 200 CEM robots could be sold in Japan.

The Yaskawa equipment differed from the robots at present on offer by French manufacturers because they were powered electrically rather than hydraulically, he added.

UK job losses highest in EEC

By Giles Merritt in Brussels

THE SCALE of Britain's industrial job losses since 1978, compared with those of other EEC countries, has been highlighted by figures from the European Commission.

EEC calculations not only show that the UK has suffered the most severe industrial decline in the Community during the four years to early 1982, but also single Britain out as the only member state to have seen service-sector employment decrease during that period.

The total number of industrial jobs in the UK fell by 19 per cent between the first quarter of 1978 and the first quarter of last year. From a 1978 level of 7,218,000 industrial jobs in Britain, that number had already declined by some 14 per cent in the first quarter of 1981.

For the EEC of Nine as a whole, with a collective industrial workforce in 1978 of 25,732,000 people, the job losses amounted to 6 per cent during the three-year period, and climbed to 10 per cent by the beginning of last year. The EEC country that escaped with the least shedding of industrial jobs was Ireland, with 1 per cent losses by 1981 and 2 per cent by 1982, followed by West Germany, where the figures were 1 per cent and 4 per cent respectively.

In the services sector, only the UK showed a reduction in the employed labour force between 1980 and 1981, with the number of service jobs dropping 2.7 per cent to 13,702,000 from 13,330,000. In Belgium, service jobs remained static, but, elsewhere, increases of 1 per cent to 2.6 per cent were recorded.

The European Commission analysis underlines Britain's claim that it has suffered the severest steel industry cutbacks. But it also makes plain that in sectors ranging from chemicals to mechanical engineering and motor cars to textiles, the UK's industrial streamlining has been more drastic than that of its major EEC competitors.

From mid-1981 to mid-1982 the British steel industry saw jobs cut by 11.7 per cent to 81,700, while of the other major EEC steelmakers the nearest to that level was West Germany, with a 5.6 per cent cut in steel jobs to 180,600. Belgium and France saw their steel jobs drop by 3.3 per cent, and for Italy and the Netherlands the reduction was 2.7 per cent and 1.9 per cent

Political divide, Page 12

Howe insists policies will remain tight

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

SIR GEOFFREY HOWE, Britain's Chancellor of the Exchequer, is determined to resist pressures for any major relaxation of his financial policies in the run-up to the general election this year.

Despite the prospect of a continuing rise in unemployment in the UK and Europe and a generally bleaker outlook for the world economy, Sir Geoffrey emphasised in a New Year interview with the Financial Times that the fight against inflation remains his top priority.

He said: "I think the whole concept of looking for an easing of policies as a kind of generalised prescription for improving our chances of getting through to a sustainable recovery carries the risk of being led in the wrong direction.

"What is actually essential to all the discussions we have had at the international level or the European level is people's understanding of the need to go on making headway against inflation, against the risk posed by high and potentially rising public deficits, with all that those could imply for a reversal in the trends on interest rates."

On the domestic front Sir Geoffrey said his main task this year "must be to ensure continued success on the underlying essentials of inflation, to curb public borrowing, public spending and to give such encouragement as one can – if any – to the process of putting growth in place."

On the international scene Sir Geoffrey, who has just been elected chairman of the interim committee of the International Monetary Fund, said his most important task would be to hasten the process of strengthening the fund and "steering the world economy through this stage of transition."

The austere tone of Sir Geoffrey's message was clearly intended to discourage speculation in the City and among his own back-benchers that he might be planning a large shift of emphasis in his March budget from the control of public borrowing towards a more expansionary fiscal stance.

The FT today publishes its annual forecasts for the world economy on pages 10 and 11. The first of a week-long series of international industrial forecasts is on page 9.

Sir Geoffrey said he accepted the general case for tax cuts to help industry and for an easing of the real burden of personal taxation: "If one looks at taxation in isolation there is no difficulty in making a case for help on both sides."

But he added significantly: "Whether you can do anything at all depends on whether you have room to do so and one does come back continuously to focus one's atten-

Economic forecast, Page 11

Continued on Page 12

Thatcher chose new Bank Governor

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE MAJORITY of advice within the UK Treasury was against the appointment of Mr Robin Leigh-Pemberton as Governor of the Bank of England. The decision, announced late last month, was made personally by Mrs Margaret Thatcher, the Prime Minister.

It is understood that Mr Leigh-Pemberton's name was not on most internal short-lists, although consultations within the Treasury were kept to a small group of politicians and senior officials. Mr Leigh-Pemberton is chairman of National Westminster Bank.

The explanation offered within Whitehall is that Mrs Thatcher felt more comfortable with Mr Leigh-Pemberton than with other candidates, both because she knew him and because of shared values. Mr Leigh-Pemberton will succeed the present Governor, Mr Gordon Richardson, who was given a life peerage in the New Year honours list, at the end of June.

The choice of Mr Leigh-Pemberton and his subsequent public comments about economic and banking policy have been regarded with dismay by some officials and Members of Parliament. They feel that he lacks the intellectual authority and experience to undertake the central role in international banking talks performed by the retiring Governor.

The appointment of Mr Leigh-Pemberton also looks likely to provoke a political row, although in the past the appointment of a governor has been regarded as a non-partisan matter.

CONTENTS

OVERSEAS NEWS

'U.S. responsible for stalemate at Start talks'

BY ANTHONY ROBINSON IN MOSCOW

THE SOVIET leadership has atarted the new year blowing hot and cold over three of the major politico-strategic problems facing the Soviet Union—arms control, Afghanistan and the overall state of U.S.-Soviet relations.

The first blast of warm air came with a simulated New Year "interview" in which Mr Yuri Andropov, the Soviet leader, "replied" to questions put to him in writing by an editor of the U.S. Hearst newspaper chain.

Mr Andropov stated that "objectively" there were grounds for a "compromise agreement" on nuclear arms and cautiously held out the possibility of a summit meeting with President Reagan by re-stating the "Soviet leadership's" view that summits could be useful—if well prepared in advance.

This was promptly followed by a cold blast in the form of an official Tass statement on New Year's Eve thot re-stated all the old Soviet justifications for the presence of o "limited contingent" of Soviet forces in Afghanistan at the behest of the legitimate Kabul Government and went on to accuse "some powers" of behaving "in such a way as if they were interested in Soviet forces staying in Afghanistan as long as possible."

This general theme, that all the good intentions of the Soviet Union are being frustrated by the machinations of other countries determined to mointain maximum pressure on the Russian economy and the socialist system generally was then taken up with a vengeance in Pravda.

The newspaper bluntly stated that the Strategic Arms Reduction Talks (Start) in Geneva were at a stalemate and said: "The U.S. Administration, which persists in its absolutely one-sided epproach is totally responsible." It contrasted the Soviet negotiating position, based on "the principle of equality and equal security" with the U.S. proposals "which ore openly directed at upsetting the strategic parity and ensuring advantages for itself."

The American approach, Pravdo added "is not a way to reach a mutually acceptable agreement but a plan for a unilateral disarmament of the Soviet Union camouflaged as a proposal on reductions and thus ensuring for the U.S. the superiority it once had in the strategic field."

The Soviet assertion of a stalemate in the Start talks contrasts strongly with the guarded optimism expressed by Gen Edward Rowny, the chief U.S. negotiator at Geneva. In a U.S. television interview on December 29, he said there was a 50-50 chance of reaching a Start agreement in 1983 and that the last six months of talks in Geneva had produced more progress than was achieved during two years of Salt talks in the late 1970s.

Westero diplomats believe that the Pravda article is the forerunner of a massivo propaganda campaign aimed directly at U.S. public opinion on the lines of that already well under way in Europe, with the object of stimulating opposition to the stationing of cruise and Pershing 2 missiles.

But the arguments used also reflect Soviet concern that the real aim of the Reagan Administration is not parity with the Soviet Unioo, except on "humiliating" terms which would include the virtual writiog off of much of the huge Soviet military investment of the past. This, for example, is how the Soviet military is believed to see President Reagan's proposal for deep cuts in land-based missiles, which make up 70 per cent of the Soviet nuclear armoury as against only 20 per cent for the U.S.

Pravda said that the U.S. proposals amounted to a "plan for the uniloteral disarmament of the Soviet Union" and calculated, without saying how, that they would oblige Russia "to dismantle more than 90 per cent of all its IBMs which are known to make up the basis of Soviet strategic might."

But what makes the Reagan proposals even more galling in Soviet eyes is that they are coupled with an unprecedented peacetime increase in U.S. military spending, including strategic arms expenditure.

Arms cuts ruled out by Mitterrand

By David Marsh in Paris

PRESIDENT Francois Mitterrand, delivering austere New Year messages on economic and foreign policy over the weekend, called for more sacrifices from French people to fight unemployment and firmly ruled out any cuts in the country's nuclear armoury.

On economic issues, M Mitterrand took a further leaf out of the book of the French employers' federation, the Patronat, which he has been trying to woo—so far without much success—for several months.

Setting out objectives for 1983 in a traditional televised New Year's Eve allocution, the President said the most pressing aim was to improve the productive capability of the company sector.

Referring to projects for corporate aid on which the Government is already working, he said companies social and financial charges had to be lowered.

In a sombre summing up of the economic crisis, which he called "universal," M Mitterrand said the Government would do more to combat youth unemployment. The aim was to give all those aged between 18 and 25 either training or a job.

Expanding on the Socialists' theme of "rigueur" at home and abroad, the President said in a second address—made in the form of an interview with TV journalists on Sunday—that all Frenchmen living above the poverty line would have to make a "supplementary effort" to preserve jobs and bring down inflation.

Referring to Moscow's pre-Christmas proposal for nuclear arms cuts, M Mitterrand said it was "not even worth dreaming about" any cuts in France's independent nuclear force, which is being reinforced.

M Mitterrand said equilibrium of forces in Europe and the world was the best recipe for peace. Reaffirming his country's independent defence policy, he said France would not allow any other nation to look after French security.

Legal dilemma of Danish fish threat

BY LARRY KLINGER IN BRUSSELS

THE DANISH fishermen's threat to enter waters "reserved" for the British fleet poses a serious legal question for the European Community: can measures be effectively imposed throughout the Community in the absence of an EEC policy agreed by all 10 member states?

The Danish fishermen claim that, without a policy agreed unanimously, virtually all Community waters are open to Community fishermen.

The other member states maintain that the measures they have taken individually are a "legal necessity" to fill the vacuum left by the expiration on December 31 of the temporary fishing arrangements brought in 10 years ago when Britain, Denmark and Ireland joined the EEC.

It became clear, however, during the eleventh-hour negotiations leading to the year-end collapse of the talks aimed at establishing a Community-wide Common Fisheries Policy (CFP) that there may be no simple answer.

The European Commission will have to take up the issue when it meets tomorrow, but indications are that it is likely to support the view held by the Nine.

The Commission has already approved on a temporary basis one British measure strongly contested by the Danish fishermen: the so-called "box" around the Shetland and Orkney Islands in which British boats have been given preference.

Nevertheless, the reluctance of the Nine at the end of last year to implement national measures was based on a widespread belief that a strong legal challenge could be mounted, especially in the European Court. What was not foreseen was an immediate sizeable challenge on the high seas.

Nearly six years of often bitter negotiation, during which several countries had blocked final agreement when their own demands seemed in danger of being undermined, finally collapsed late last month when the Danish Government was prevented from accepting a succession of offers from its EEC partners.

The Danish fishing industry argued that unless it was given greater quotas of white fish and mackerel to ensure supplies for its processing industry, it would maintain its view that Community waters would become wide open when the temporary accession arrangements elapsed. Another key demand was for licences to fish within the Shetlands "box," something that was unacceptable to the British Government.

At issue is a policy designed to conserve and, in some cases, build up the EEC's fishing resources while sharing out the Community's "total allowable catch" equitably among the main fishing nations. As agreed by the Nine, the proposals contain two main elements:

- **Quotas:** Each country would be allocated global percentages with tonnage limits detailed for each of the EEC's seven most valuable species: cod, haddock, whiting, plaice, saitho, red fish and herring. Britain would get the highest overall quota of around 36 per cent, followed by Denmark (23), West Germany (14) and France (13).
- **Access:** Exclusive rights would be provided for local fishermen up to six miles from shore, with limited traditional rights granted in certain areas for other countries between six and 12 miles. British fishermen would receive preferential treatment in the wider "box" around the Shetlands and Orkneys, where fishing by other countries would be limited by licence.

Zimbabwe killings severe setback for Mugabe

BY OUR HARARE CORRESPONDENT

REBELS in Zimbabwe hava abducted two people and killed 10, nine of them whites. One was beheaded.

The killings are a severe setback to claims by Mr Robert Mugabe's government that it was gaining the upper hand in tho campaign against self-styled Nkomo supporters.

The abductors claim that they are fighting for Mr Joshua Nkomo's oposition Zapu Party, and demanded the return to Zapu of farms confiscated early last year after arms caches were found on them.

This was reminiscent of tho demands made by the kidnappers of six Western tourists north of Bulawayo last July, when the dissidents demanded the release of two prominent Zipra commanders

At the weekend, The Minister responsible for security in Mr Mugabe's Government, Mr Emmerson Munangagwa said he had reason to believa that five of the six young tourists—two Australian, two British and two American—were still alive.

Pretoria reform hopes pinned on party congress

BY J. D. F. JONES IN CAPE TOWN

THE SOUTH AFRICAN Government's proposals for constitutional reform will be the sola topic at the three-day annual congress of the Labour Party, the principal political party representing the Coloured community. The congress opened in Eshowe, Natal yesterday.

The government is not concealing its concern that the congress should give at least qualified approval to its constitutional plan, which would bring the 2.5m Coloureds back into the parliamentary arena—in one of three chambers—but envisages no role for the 20m blacks.

Outright rejection of the constitutional plan by the Labour Party would be a serious blow to Mr P. W. Botha's Government since it would then be extremely difficult to claim credibility for the reforms.

The Labour Party appears to be split, and it is possible that the rift will widen this week.

Trudeau bids to boost Canada's image in Asia

BY VICTOR MACKIE IN OTTAWA

MR PIERRE TRUDEAU, the Canadian Prime Minister, arrived in Hong Kong yesterday on the first leg of a 17-day Asian tour designed to enhance Canada's image in the Far East as a credible alternative trading partner to the U.S. and European nations.

Mr Trudeau is due in Bangkok today, where his first official stop includes talks with Thailand's Prime Minister Prem Tinsulanonda.

Mr Trudeau will also visit the four other members of the Association of South East Asian Nations (Asean) – Singapore, Malaysia, Indonesia and the Philippines – and Japan.

Dozens of Canadian manufacturing firms are interested in competing for hundreds of millions of dollars in major industrial and technological projects throughout the Asean nations.

Senior Canadian officials said yesterday that Mr Trudeau's presence in the region should enhance Canada's image with South East Asian governments and businessmen.

"What has really gone against us is that we do not try hard enough," to competition with other high-technology suppliers, the official said.

Canadian companies will be bidding to sell mining technology to Thailand as well as aircraft, electronics equipment, telecommunications products, forestry technology and other services.

- Mr Ed Lumley, the Canadian Industry Minister has announced the formation of a task force to examine problems in the automotive and automotive parts industries, Canada's largest manufacturing sector.

The purpose of the task force will be to review the development, competitive environment and position of the Canadian automotive industry and to identify priorities and formulate strategies.

Mr Patrick Lavelle, President of the Automotive Parts Manufacturers' Association and Mr Robert White, the leader of the Canadian United Automobile Workers (UAW) will co-chair the task force.

Lebanon talks still deadlocked

TALKS BETWEEN Lebanon, Israel and the U.S. yesterday failed for the third time in a week to agree on an agenda for formal negotiations on the withdrawal of foreign troops from Lebanon, Nora Boustany reports from Beirut.

Meeting at Khalde, five miles south of the Lebanese capital, the U.S., Israeli and Lebanese negotiating teams engaged in consultations throughout the day and only held two brief formal plenary sessions.

Mr Antoine Fattal, the chief Lebanese negotiator, noted some "flexibility" on the Israeli side, adding, however, that it was still dwelling on the issue of "normalisation" of ties between Lebanon and Israel.

Lebanon is apprehensiva of plunging into normalisation at the expense of its economic standing in the Arab world.

"We will continue our efforts to reach agreement on the agenda for the negotiations during our next meeting on Thursday," o U.S. embassy spokesman said.

Polish Unions formed

Poland's Government-sponsored trade unions, set up after Solidarity was outlawed, began working formally yesterday with little interest from workers and a tentative approach from activists, Reuter reports from Warsaw. The unions are being formed initially only ot the level of individual enterprises, unlike Solidarity, which was organised on regional lines.

Grundig merger

Grundig, the West German consumer electronics concern and Thomson-Brandt, the French electrical giant, have emphasised their determination to press ahead with their controversial merger plans with the revelation yesterday that Thomson-Brandt had recorded officially its proposed acquisition of 75 per cent of Grundig, Stewart Fleming reports from Frankfurt.

Free Trade accord

A free trade agreement came into force on New Year's Day between Australia and New Zealand. It will free up trade between the two countries and gradually phase out New Zealand's import restrictions and export subsidies, writes Dai Hayward in Wellington.

WORLD TRADE NEWS

Steelwork contract for UK causes alarm in Berlin

BY LESLIE COLITT IN BERLIN

CLEVELAND BRIDGE and Engineering Company of the UK, has won a contract worth DM 80m (£20m) together with Krupp Industrie und Stahlbau to build the steel framework for a DM 1.7bn electric power station in West Berlin. The British company whose bid was DM 5m lower than the West German and other European bidders will have a 60 per cent share of the project.

The City of West Berlin, owner of Bewag, the Berlin electricity company, which awarded tha contract, was displeased about Cleveland's success. It said "fair competition" by West German engineering companies had been hindered by the subsidising of British steel. West Berlin tries to encourage West German companies to include Berlin-based companies in their contracts whenever possible, and Bewag's choice of Cleveland appeared to snub the West Germans.

Bewag said that although the big names in German engineering all bid on the project Cleveland won the major portion because of its 20 per cent lower bid and its reputation for quality.

"It may be that steel is subsidised in Britain," Bewag said "but that is a matter for the politicians and not for us."

Bewag recently bought machinery from a large German company which was made in Partugal. "That's part of the international division of labour," a company official said.

Several of Cleveland's competitiors complained loudly about British steel being subsidised. However, claims that German companies were not given a larger share of the work led Bewag to suggest Cleveland sign o co-operation agreement with a Berlin company which is to help build the steel framework. The fact that the new electrie power atation is to be located in the British sector of West Berlin, under control of France, the U.S. and the UK, played no rolo in the ehoice of Cleveland as the occupying powers in Berlin do not mix business with politics.

A joint venutre was formed between Cleveland and Krupp after they were awarded the contracts. Bewag said it gets a better price when companies bid individually.

Tyres for Toyota

TOKYO — Toyota Motor said it would import from this month 300 sets of tyres and 4,000 to 5,000 aluminium wheels monthly from West German and U.S. concerns, respectively, as part of its policy to increase car parts procurement abroad.

The tyres will be imported from Veith Pirelli, a leading West German tyre manufacturer, and the wheels from Rockwell International of the U.S.

Toyota plans to import parts, materials and equipment amounting to Y31bn (£80m) next year. These imports are expected to reach Y26bn this year, up 18.2 per cent over last year.

Agencies

World Economic Indicators

INDUSTRIAL PRODUCTION (1975=100)

					% change on previous year
	Nov '82	Oct '82	Sept '82	Nov '81	
U.S.*	135.6	136.2	137.3	146.3	−7.3
	Sept '82	Aug '82	July '82	Sept '81	
UK	104.3	94.6	97.8	103.8	+1.0
W. Germany	111.4	95.0	98.0	118.3	−5.7
France	111.3	72.9	100.2	115.2	−1.2
Italy	127.9	59.6	122.5	135.6	−5.4
Netherlands	101.0	88.0	88.0	104.0	−2.9
Japan	150.2	148.5	149.2	149.4	+0.5
	Aug '82	July '82	June '82	Aug '81	
Belgium	99.1	80.0	117.7	103.8	−4.5

*- 1967=100.

Source (except U.S. and Japan): Eurostat

JAKARTA COUNTERTRADE—12 MONTHS LATER

Indonesia stands fast despite problems

BY RICHARD COWPER IN JAKARTA

INDONESIA'S counterpurchase policy, introduced on New Year's Day last year, is in considerable disarray.

The scheme, designed to boost Indonesia's non-oil exports, so far has not proved a success. A small number of senior Indonesian officials are beginning to ask themselves whether the time, money and effort put into the new policy has been worthwhile.

The policy, which forces foreign companies winning Government non-oil tenders to import an equivalent value of Indonesian goods or face o stiff 50 per cent penalty, is being widely resisted by foreign Governments and companies. The result is that awards of Indonesian Government tenders have slowed to a trickle this year, and non-oil exports have continued to decline sharply in the face of the recession.

Last month, Mr Adam Malik, the Vice President, stated in public that he did not believe the counter-purchase policy would be successful. Opening new markets in Eastern Europe and China would, he said, be a far better way of promoting non-oil exports than forcing countries to buy what they did not need.

Despite doubts about the policy there are no signs the Government is contemplating dropping it.

Says one senior Government trad official closely involved in enforcing and monitoring the new policy: "With the world trade system breaking down it may ultimately be the only way we can sell. Top-level cabinet commitment appears to be as strong as ever. Recently some have been discussing the possibility of including oil and gas exports as well."

Outwardly, the policy appears to have been unsuccessful.

When it was first outlined by Mr Radius Prawiro, the Trade Minister, in December 1980, the minister said the new policy would affect Government contracts worth as much as $4.5bn a year. This figure was later revised downwards to around $1.5bn. In the first 12 months since it came into operation just 10 counterpurchase contracts worth $217m bave been signed. Two contracts alone—a $127m fertiliser deal signed in August and a $40m railway car deal—accounted for more than 75 per cent of this total.

The policy has yet to make any noticeable impact on Indonesia's slumping non-oil and non-gas exports, which last year fell to an estimated five-year low of less than $3.6bn. This is a 40 per cent decline from the $6bn peak achieved as recently as 1980.

Department of Trade officials counter these arguments, saying it is still too early to tell if the policy has been a failure or not.

They argue there are other reasons for the small number of tenders signed last year under the counterpurchase policy.

First, they say, many contracts awarded were exempt from counterpurchase because they were put to tendor in 1981 when the scheme did not apply. They add that the Indonesian Government has purposely slowed awards of new contracts because it is facing a sharp reduction in expected revenues due to a 15 per cent decline in oil exports.

The Department of Trade maintains that in the past six months many foreign companies have willingly submitted counterpurchase undertakings with their tender applications. The Ministry says that when these contracts are awarded over the next six months or so it will be a better time to judge the success of the policy.

More than a score of Government projects worth upwards of $1bn appear to have received tenders which include counterpurchase commitments.

Because services, local content and the proportion financed by aid and soft loans are exempt, the counterpurchase element may be as little as a third of the total cost. Add to this the $217m in counterpurchase deals already signed and the 12 month mid-1982-mid-1983 counterpurchase total may end up near $550m. Even this, however, is a mere 12 per cent of the Government'a original annual counterpurchase target.

Foreign governments and companies have continued to object vehemently to the stiff terms and conditions of Jakarta's policy. Many companies have either procrastinated or refused to submit irrevocable undertakings of commitment to abide by existing counterpurchase requirements, something they are legally obliged to do when submitting their tenders.

Mr Adam Malik, the Indonesian vice-president, doubts success of counterpurchase policies

Japan is the one country that appears most opposed to the policy. The country's Trade Ministry (Miti) has strongly "advised" Japanese companies against entering into counterpurchase commitments.

Many foreign companies are clearly prepared to live with some form of barter trade. What they object to is Indonesia's lack of flexibility in implementing the scheme, in general, and tho 100 per cent counterpurchase coverage and 50 per cent penalty, in particular. Sucb terms, they say, are stiffer than almost anywhere else in the world.

Says one long-experienced commercial attache at a Jakarta Embassy: "Counterpurchase is practised elsewbere with some success. Here it is in trouble. Where it works there is a commerciality to it—both sides bave an interest in doing a deal. Here it is rigid, a one-sided affair.

"The 100 per cent coverage and 50 per cent penalty are totally out of line, even with Eastern Europe. Perhaps with a 10 per cent penalty and 30 per cent coverage we could start talking business. If they're going to have a counterpurchase policy at all then at least they should have one that is workable."

The Government argues such o relaxstion would defeat the main purpose of the legislation. Many companies trading with Eastern Europe, for example, automatically pay the penalty.

Says Mr Darry Salim, director for external trade relations at the Ministry for Trade and Co-operatives: "We are still fully committed to counterpurchase with 100 per cent coverage and a 50 per cent penalty.

"We're not interested in taxing government imports, what we want is a stepped-up outflow of Indonesian commodities."

Many believe it will not be cuonterpurehase hut an end to the recession that will oehieve such a goal.

Jakarta considers raising oil output level

By Richard Johns

INDONESIA, badly in need of cash, could be tempted in the next few months to raise its oil output after a year in which production fell to the lowest rate for a decade.

Such a rate would compare with the ceiling agreed within the Organisation of Petroleum Exporting Countries of 1.3m barrels per day. Notwithstanding the Government's commitment to defending OPEC's official reference price of $34 per barrel, it is difficult to see how Indonesia can raise its output within the permitted limit without a further reduction in prices. In private officials do not rule out the possibility of a "downward re-adjustment" in the spring.

Last year overseas sales of crude oil and condensate declined 17 per cent to 319m barrels, or 874,000 b/d, from 383m barrels in 1981. This was the lowest export volume level since 1972.

The main reasons for the deeline were falling demand for Indonesian oil from its main customers and the country's strict observance of its OPEC - imposed production quota of 1.3m b/d. The quota was imposed last April in a bid to shore up prices. Indonesia is Asia'a largest oil exporter and its only OPEC member.

Preliminary output figures, also newly released, show that in 1982 Indonesia's oil production fell by almost 17 per eent to just over 488m barrels 11.14m b/d from 585m barrels in 1981.

Fears that export volume could fall even further this year prompted the Indonesian government to reduce its official prices for the first time just two months ago. The average weighted price for the country's 20 grades of crude was reduced by 2.6 per cent from $35.5 (£22) a barrel to $34.59.

Indonesia depends on oil for around 70 per cent of its gross expert earnings and a similar proportion of government revenue. The current account balance of payments deficit in 1982-83 is approaching a high of $8bn and budget revenues could fall short of expectations by as much as 20 per cent.

SHIPPING REPORT

Owners expect market to improve this year

BY ANDREW FISHER, SHIPPING CORRESPONDENT

WHERE ARE WORLD shipping markets headed for in 1983? Owners who expect anything at all from the new year are pinning their hopes on a gradual revival in the U.S. economy. With the usual time lag of about six months, the shipping scene could then start to perk up next autumn.

The past year bas been a sick joke for the industry, with rates flat in the recession and tonnage still being delivered to add to the general surplus.

"In fact," said Galbraith Wrightson, in its last weekly report of the year, "1982 was probably the most traumatie year that tanker owners have had to endure."

Nor was the report too cheerful about general industry sentiment for 1983. "What is equally depressing is the suggestion that the position in 1983 will be identical."

Galbraith did see an outside chance that supply and demand could become more balanced this year, allowing owners with modern tonnage some profits.

After all, some 26m deadweight tons of tankers have been scrapped in the first 11 months. If this pace is kept up, "it will hopefully reinforce our view that rates may start to rise from September onwards."

Any marked reduction in oil prices could generate new business by allowing traders to try and agree long-term contracts.

E. A. Gibson Shipbrokers, taking a more pessimistic line, reckoned it could take two or three years for any revival. Even then, scrapping would need to be doubled from present levels.

Around 70m dwt of tankers are laid-up, with a further 10m dwt idly awaiting business in the Gulf. Most demand in the last few days has come from European and Far Eastern charterers, with demand from the U.S. down.

Tugs ready to help in salvage

TWO DUTCH tugs and a pontoon arrived off Felixstowe yesterday to help refloat the 4,263-ton Townsend Thorensen freight ferry European Gateway, which capsized in a collision off the Suffolk port two weeks ago with the loss of six lives.

Ship deal for W. Germany

HAMBURG—Three West German shipbuilders have signed contracts to build four frigates for the Turkish navy, according to Blohm und Voss, the Hamburg Shipyard serving as official spokesmen for the group.

The West German companies were not prepared to disclose delivery times or financial details of the order.

The two other shipbuilders are Howaldtwerke-Deutsche Werft of Kiel and Thyssen Rheinstahl Technik, the Duesseldorf-based company held by the Thyssen industrial group.

The Blohm und Voss official said two frigates would be built in West German shipyards with the others to be constructed in Turkey under West German supervision.

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UK NEWS

'Sharp drop' for N. Sea oil production by 1990

BY CARLA RAPOPORT

NORTH Sea oil production will peak in 1985 at 2.5m barrels per day (b/d), but will then drop precipitously by 1990, according to o Phillips & Drew forecast.

The latest economic bulletin by the London stockbrokers predicts that output will fall to 1.4m b/d by 1990 – even allowing for marginal fields coming on stream – and this will cause "major problems" for the Government after the next election.

The erosion of North Sea oil's benefit to Britain's balance of payments is expected to start in the second half of the decade. The peak benefit to the current account is forecast for 1985 at around £12.8bn ($20.7bn) at 1982 prices. Phillips & Drew say this figure will drop to £7.5bn by 1990.

The fall-off in government revenue from North Sea oil is expected to start more quickly, with the stockbrokers predicting government receipts to peak in fiscal 1983/84. From a high of nearly £10bn in that year, Phillips & Drew estimate the Government's take will fall to £6.6bn, at 1982 prices, by 1990/91.

This development will make it progressively more difficult for any Government to reduce the Public Sector Borrowing Requirement as a percentage of Gross Domestic Product without further large cuts in public expenditure or increases in taxation, according to Phillips & Drew.

"The profile we present (of North Sea oil) will cause major problems for the next Government, whatever the political party in power," say the stockbrokers.

The production projections are made on the basis of present oil technology, the present oil tax system and the continued absence of a depletion policy. Phillips & Drew say that the relaxation of any of these underlying assumptions would not make a major difference to their output forecasts.

The study points out that the North Sea is o mature area by oil exploration standards and the chances of finding another major field "must be slender."

"Unless the oil price moves up dramatically or the taxation of fields is made less severe," say Phillips & Drew, "the exploitation of marginal fields will probably have to await the discovery of less expensive development methods, such as floating production systems." The stockbrokers describe such technological breakthroughs as "very much o wild card" in their forecasts.

Monopolies member quits over bid ruling

By David Churchill, Consumer Affairs Correspondent

A SENIOR member of the Monopolies and Mergers Commission, Professor Andrew Bain of Strathclyde University, has resigned in protest at the Government's controversial decision to allow Chartered Consolidated's bid for Anderson Strathclyde to go ahead against the commission's advice.

His resignation – in a strongly critical letter to Lord Cockfield, the Trade Secretary – comes as pressure is mounting on the Government to make a statement on its merger policy after o spate of controversial decisions recently.

Senior Trade department officials are putting together a policy document of the various options open to Lord Cockfield, but no firm statement is expected until the spring.

Prof Bain was one of the four members of the commission who recommended in o majority report that the Chartered Consolidated bid was against the public interest. However, the Government accepted the view from the minority report – which included the commission's chairman Sir Godfray Le Quesne – that the merger should be allowed to proceed.

This was the first time in nearly 18 years of merger control that a commission's recommendation had been overturned by the Government.

In addition, Lord Cockfield came in for sharp criticism in the House of Commons when it was revealed that he owned some 2,500 shares in Chartered Consolidated, even though he had not dealt in these shares since becoming a minister last April.

In his letter of resignation, Prof Bain is critical of the allegations made in the minority report that the majority's verdict was based on only "general possibilities and risks" to the public interest. He says that this allegation was "unwarranted" because the majority concluded that damage to the public interest was "probable."

Prof Bain acknowledges that the Government has a right to overturn a commission recommendation. "But I hold that this right was not intended to be used arbitrarily," he says.

Tourism receipts at £2.92bn

By James McDonald

BRITAIN'S travel account was in deficit by £80m last October, bringing the deficit for the first 10 months of 1982 to £325m, compared with n £365m shortfall in the same period of 1981.

Department of Trade statistics show that in the first 10 months of 1982 overseas visitors to the UK totalled 10.5m – 3 per cent more than in the same period of 1981 – and they spent 12 per cent more than a year before at £2.92bn. Visits abroad by Britons totalled 18.48m – 7 per cent higher than in the same period of 1981 – and they spent 9 per cent more at £3.24bn.

● About 8m overseas visitors were in London in 1982 and the capital earned about £2bn in foreign currency from them, according to the British Tourist Authority

During the peak tourism months of July and August it is estimated that London received about 2m overseas visitors. A survey – commissioned by the BTA, the London Tourist Board, the London Transport Executive and the Greater London Council – shows that over half of London's summer foreign visitors came from Western Europe

Channel link study finalised by banks

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

FIVE UK and French banks are concluding a six-month-long study into the feasibility of financing o fixed link across the Channel.

Their report, which is expected to be delivered to the two governments towards the end of January, will be an important step in defining the opportunities for financing a fixed Channel link by the private sector.

The financial study, which has been funded by the banks, was requested by the two governments last June, following publication of a two nation technical study.

The major requirement, as far as the banks are concerned, is to find ways in which a link can be financed without resort to public funds, or guarantees which would be seen by the Treasury as a call on public money.

The study has looked at all the links which have been proposed, including a single rail tunnel, o wider tunnel which could include a road, and the various proposals for bridges, and bridges/tunnels.

The lowest cost proposal is the single rail tunnel, but this raises problems as guarantees would have to be provided on levels of traffic from the government-owned railways.

The double tunnel, while more attractive in terms of the potential level of traffic, would be more difficult to finance at the outset. An alternative would be to adopt a phased approach, allowing for expansion to a double tunnel at a later date.

The team from the five banks, Midland, National Westminster, Credit Lyonnais, Banque Nationale de Paris, and Banque Indosuez, has come up against the obvious problems presented by a two-nation infrastructure project. However it will put forward proposals which might meet with the approval of the governments.

A decision by the UK Government, however, is unlikely before an election. The whole project has diminished in terms of Cabinet support since the first meeting between Mrs Margaret Thatcher, the Prime Minister, and President Mitterrand revived the idea.

The French government, faced with financial problems, is now interested in financing a fixed Channel link on the national and international bond markets.

Lloyd lost argument over Japan

THE MINUTES disclose that Lord Thorneycroft, who was then Mr Peter Thorneycroft, president of the Board of Trade, persuaded the Cabinet not to support Japan's application to join the General Agreement on Tariffs and Trade.

He won his argument in spite of strenuous opposition from Selwyn Lloyd, then Minister of State at the Foreign Office.

Lord Thorneycroft said the entry of a low cost producer like Japan would lead to a general raising of tariffs and create special difficulties for the Commonwealth.

Britain's aim at the forthcoming meeting of Catt should be to get the issue deferred. If Japan were admitted it would cause "agitation" in Lancashire, where feeling was already running high because of unemployment in the textile industry.

Selwyn Lloyd said that to vote against Japan's entry would be to get the worst of all worlds since Japan was likely to get a majority vote in Catt anyway. It would be better for Britain to avoid action which would reveal its suspicions of Japan.

Churchill, who was not at the Cabinet meeting, sent a message saying he was opposed to Britain supporting Japanese membership of Catt.

John Hunt reports on the 1952 Cabinet papers just released

Butler acted to prevent 'major calamity for sterling'

THE STRUGGLE of the Conservative Government to overcome a major economic crisis involving a massive drain on Britain's gold and dollar reserves is the dominant theme of the secret Cabinet papers for 1952 released under the 30-year rule.

In a memorandum to the Cabinet in January of that year Rab Butler, Chancellor of the Exchequer, disclosed that reserves were down to £500m and warned that Britain faced a balance of payments crisis of "major dimensions."

"The rate of loss of gold and dollars is continuing," he said. "It is quite clear that only the most powerful and convincing action can prevent a major calamity for sterling."

The Government, which had been elected the previous autumn, faced a year of austerity with rationing of food and other commodities still in force.

The crisis discussions in Cabinet bear a remarkable resemblance to today's economic arguments. Butler was continually trying to increase exports, reduce imports and contain public expenditure, particularly the steeply rising defence budget.

In January he produced an emergency austerity package followed by a tough March budget.

The papers disclose a prolonged row in Cabinet when Butler insisted that food rations would have to be cut to reduce the import bill. His colleagues protested that this would mean the population would be worse fed than at any time during the war and that production in the factories would be adversely affected.

Eventually the Chancellor was defeated but, as a token gesture to impress the public, the sweet ration was cut to 4 ozs a week.

There was also a fierce duel between Butler and Harold Macmillan, who was then Housing Minister. The Chancellor wanted to cut the housing programme which was well on its way to achieving Macmillan's well-publicised target of 300,000 new dwellings a year by 1953.

Butler argued that it involved an "unwarrantable diversion of resources from exports." Macmillan, however, strongly defended his plans and pointed out that cancellation and delay would have serious political consequences.

Eventually Macmillan won the battle when the Prime Minister, Winston Churchill, intervened on his side and bluntly told Butler that it would be "most unwise" to slash housing.

A long memorandum from the Chancellor on the economic situation has an uncannily familiar ring today. "Our exports are dangerously down on my budget estimates," he wrote. "They must have first claim on any additional resources we may have available.

"Only by this we can get away from the succession of balance of payments crises which have marked the British economy since the war."

With extraordinary prescience, he continued: "Moreover, investment in recent years has been kept far below the level which is necessary to modernise our industry and keep up with our main competitors. Already we are losing contracts to Germany and Japan."

He reminds his colleagues that Conservative supporters expected the Government to reduce all kinds of public expenditure and to make a start on cutting "the intolerable tax burden on industry."

Butler emphasised that defence would have to take a share of the cuts in the following year.

● Butler: emergency package

Eden considered use of force four years before Suez crisis

THERE ARE clear indications in the Cabinet papers that four years before the Suez crisis Anthony Eden, the Foreign Secretary, was considering the possibility of using military force if the Egyptian Government tried to block the canal.

In July he wrote a long memorandum on the subject. At that time Britain was negotiating with the Egyptian Government after a series of violent clashes when Egyptian "auxiliaries" infiltrated the Canal Zone which was occupied by British forces. In January there had been serious anti-British riots in Cairo in which 10 Britons were killed.

The memo from Eden shows the passionate importance he already attached to the safety of the canal and reveals his deep suspicion of Egyptian motives.

He wrote: "Steps must be taken to safeguard the free transit of the Suez Canal irrespective of whether or not current bilateral discussions with Egypt made headway.

"An ill-disposed Egyptian Government might at any time try to restrict or stop traffic through the Suez Canal. A stoppage of free trade through the canal would have a disastrous effect upon British trade with all countries east of Suez, including members of the Commonwealth. The canal is of more importance to the world today than ever before."

He admits that attempts by Britain and France to get the support of other user nations to keep the canal open in an emergency had met little success.

Eden felt it was essential that the maritime powers which used the canal should reach an agreement to forestall any action by the Egyptians. If diplomatic methods failed he suggested that Britain should get agreement with France, Italy and the Netherlands to place warships at the entrance of the canal and that naval personnel should be used to keep the waterway open.

If these measures proved ineffective Britain and its European partners should "consider what further action could be jointly undertaken to bear upon the Egyptian Government."

A note was sent to the British ambassador in Paris instructing him to make fresh approaches to the French Government on the possibility of joint measures. The note emphasised: "It is essential that the purpose of your approach be kept secret."

Storm over Italian miners

IN APRIL the Cabinet gave in to demands from the National Union of Mineworkers and halted the recruitment of Italian labour for British pits. More than 2,000 Italians had been brought in and this had led to protests and stoppages at some Yorkshire collieries.

There were allegations in the Press that the miners were jealous at the success the young Italians were having with local girls.

It seemed to be an early instance of a Tory Government backing down in the face of united action by the mineworkers. Lord Leather, secretary for the co-ordination of transport, fuel and power, was particularly scathing in his remarks about the Yorkshire miners.

In a bitter memorandum to the Cabinet he declared: "When the miners, particularly the Yorkshire miners, feel they have a grievance no amount of persuasion from their leaders or from the Government will budge them."

He observed that when it suited the NUM executive, as in wage negotiations, they insisted on national bargaining. When faced with awkward emergencies such as the row over the Italians they suddenly discovered the decisions had to be left to the local NUM branches.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Jan 5-9	Caravan, Camping, Holiday and Trevel Exhibition (0272 650908)	Bristol Exhibition Centre
Jan 5-16	International Boat Show (0932 54511)	Earls Court
Jan 7-16	Daily Mail Motor Sports Show (Cerrards Cross (02813) 84433)	Cunard Hotel
Jan 8-13	International Toy Fair (01-226 6653)	Harrogate
Jan 10-13	Amusement Trades Exhibition (01-228 4107)	Olympia
Jan 11-14	Catering Equipmant and Food Exhibition—CEFEX (01-839 5041)	NEC, Birmingham
Jan 18-21	Which Computer? Show (01-747 3131)	NEC, Birmingham
Jan 23-27	International Lightshow (05884 658)	Olympia
Jan 25-27	Hotel Catering and Fast Food Exhibition (01-222 9341)	Bournamouth
Jan 25-27	London Contract Flooring and Wallcovering Exhibition (Surrey (0276) 74987)	Cunard International Hotel
Jan 29-Feb 2	British Toy and Hobby Foir (01-701 7127)	Earls Court
Feb 6-10	International Spring Fair (01-499 7324)	NEC, Birmingham
Feb 9-10	Business Equipment and Services Exhibition (Bournemouth (0202) 20533)	Bournemouth
Feb 13-16	International Men's and Boys' Wear Exhibition—IMBEX (021 705 6707)	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Jan 10-13	International Hotel and Catering Industries Trade Fair (01-228 2880)	Dusseldorf
Jan 12-15	Home Furnishing Textila Fair (01-734 0543)	Frankfurt
Jan 13-17	International Exhibition of Supplies and Materials for the Furniture Trade (01-439 3964)	Paris
Jan 13-18	International Lighting Exhibition (01-439 3964)	Paris
Jan 19-22	International Electronic Packaging and Production Equipment Exhibition (0483 38085)	Tokyo
Jan 19-25	International Toy Exhibition (01-439 3964)	Paris
Jan 24-28	International Record and Music Publishing Market MIDEM (01-499 2317)	Cannes
Feb 5-9	Middle East Electricity and Electronics Exhibition (01-935 8200)	Jeddah
Feb 9-12	International Fair for Household Appliances Fittings and Components—DOMOTECHNICA (01-730 4845)	Cologne
Feb 11-14	International Exhibition of Household Goods, Classware, Ceramics, Software and Cifts—MACEF (01-242 7829)	Milan
Feb 21-25	Environmental Pollution Control Techniques ENVITECH (01-730 4645)	Amsterdam

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Jan 11	Pro Ned with FT: non-executive directors—how they can help your business (01-621 1355)	Midland Hotel, Manchester
Jan 13	Kenyoo International: Rethinking Industrial Relations in the '80s and '90s (01-487 3418)	Hilton Hotel
Jan 13-14	Oyez IBC: Effective negotiation (01-236 4080)	Portman Hotel, W1
Jan 14	ESS: how to dispute revenue decisions (Uppingham (057 282) 2711)	Bowater Cnfnce. Centre, SW1
Jan 17-18	FT Conference: New challenges for the accountancy profession (01-621 1355)	Inter Continental Hotel, W1
Jan 18	ESC: Corporate finance now (Uppingham (057 282) 2711)	Glaziers Hall, SE1
Jan 19	Oyez IBC: The new poster business—have the questions been answered? (01-236 4080)	Royal Garden Hotel, W8
Jan 19	Macfarlane: Better media value for advertisers (01-724 2598)	Press Centre, EC4
Jan 19	The Henley Centre for Forecasting: Leisure futures (01-353 9961)	Inn on the Park Hotel, W1
Jan 19-20	FT Conference: International property markets (01-621 1355)	Inter Continental Hotel, W1
Jan 25	OFDf and Seminar Services Int.: U.S. anti-trust policy today—its impact on European corporations (Swiss (41 21) 20.68.50)	Brussels
Jan 26	Biba: The security of insurance and reinsurance companies (01-623 9043)	City Conference Centre, EC3
Jan 26	BeB: So you think you want to move offices? (01-464 5418)	Barbican, EC2
Jan 26	Oyez IBC Test marketing in concept and practice (01-236 4080)	Princess Anne Theatre, W1
Jan 26-27	FT Conference: Cable television and satellite broadcasting (01-621 1355)	Inter Continental Hotel, W1
Jan 26-28	RRC: An introduction to insurance marketing (01-236 2175)	Royal Horseguards Hotel
Feb 2	The Henley Centre for Forecasting: Freight transport (01-353 9961)	Inn on the Park Hotel, W1
Feb 2-3	Agra Europe: Outlook 83—2nd European outlook conference (Tunbridge Wells (0892) 33813)	Hilton Internatnl., Park Lane
Feb 7-11	RRC: Advanced reinsurance practice (01-236 2175)	Royal Wstmnstr. Htl., London
Feb 15	Oyez IBC. The litigation letter seminar—recent developments and future trends in litigation practice and procedure (01-236 4080)	Royal Lancaster Hotel, W2
Feb 21-22	FT conference: Automated manufacturing—adopt or decline? (01-621 1355)	Royal Lancaster Hotel, W2

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Thatcher receives Franks report

BY PETER RIDDELL, POLITICAL EDITOR

WEAKNESSES IN the co-ordination and assessment in Whitehall of intelligence are expected to ba blamed by the Franks committee for the Government's failure to anticipate the Argentine invasion of the Falklands last March.

Mrs Margaret Thatcher, the Prima Minister, receive last Friday a copy of the 100,000-word report by tha five-strong committee under Lord Franks.

The report is expected to be published in the middle of this month. The Government has said the report will appear in full, apart from any sections regarded as too sensitive on security grounds.

The committee has seen as its main aim the establishment of the facts about what happened in the weeks leading up to the invasion.

Senior politicians who have given evidence to the committee believe the report'a main emphasis will be on identifying weaknesses in the machinery of government rather than on seeking individual scapegoats.

Members of the committea are said to appreciate the problems for ministers of balancing a multituda of current pressures against imprecise warnings of invasion which appeared urgent and specific only in retrospect.

Nevertheless, the report is expected to criticise some of the operations of the Foreign Office in London in light of a number of warnings from the British embassy in Buenos Aires about a possible invasion.

There may be unfavourable comment about the joint intelligence committee, which co-ordinates the tentacles of intelligence gathering within the Cabinet Office, for failing to provide a sufficiently clear warning.

Mrs Thatcher will be lucky to escape censure in view of her central role as chairman of the Cabinet's Overseas and Defence Committee which receives these intelligence assessments.

Among the recommendations expected by MPs are proposals for an improvement in the machinery in Whitehall for the assessment of intelligence.

With hardly a break for the holidays, Mr Tam Dalyell, Labour MP for West Lothian, has returned to the fray as the Government's most persistent critic over the Falklands. In a statement he argues that the affected ministers should be shown the Franks report in full.

He urges Mr John Nott, the retiring Defence Secretary, to give his version of the final days of the dispute.

Reshuffle decision soon

BY OUR POLITICAL EDITOR

THE PRIME MINISTER will this week complete decisions on the ministerial reshuffla following tha retirement of Mr John Nott, Defence Secretary.

An announcement is likely towards the end of this week or on Monday.

Mrs Thatcher, who is at Chequers, is expected to have final consultations with Mr William Whitelaw, Home Secretary; Mr Cecil Parkinson, chairman of the Conservative Party; and Mr Michael Joplin, Chief Whip.

Mr Michael Heseltine, Environment Secretary, is strong favourite to take over from Mr Nott, not least because of Mrs Thetcher's desire to have an effective spokesman against the campaigners for unilateral nuclear disarmament.

The other possibilities are Mr Peter Walker, Agriculture Minister, and Mr George Younger, Scottish Secretary.

The most likely candidate for promotion to the Cabinet is Mr Tom King, Local Governmant Minister, who could take Mr Heseltine's job if he was moved.

Changes at Cabinet level are expected to be limited, although at least a dozen moves are expected in the medium and junior ranks with the retirement of some ministers of state, the promotion and swapping around of some promising parliamentary secretaries, and the entry into the Government of some younger MPs.

The political balance of the Cabinet and the Government as a whole is not expected to alter.

At Westminster, there will be particularly close interest to see whether Mr Ian Gow, the Prime Minister's parliamentary private secretary, becomes a minister, or whether he will remain in Downing Street until the election.

RACING

BY DOMINIC WIGAN

THERE has been a disappointing turn out for the Colt Car Company sponsored races at Cheltenham.

The company, which sponsored the Crand National for one year, has only six horses in the feature race, the Colt Car Diamond Chase. The supporting Colt Car Platinum Novices Chase and Colt Car Corinium Hurdle attracted only four and seven runners, respectively.

Dickinson and Winter have nearly succeeded in dominating affairs at the major meetings so far this season, and they both field good hopes for the Diamond Chase in Observe and Prominent Artist. The first-named justified a flood of early ante-post money by holding the subsequent King Ceorge VI winner, Wayward Lad, in the Kennedy Construction Gold Cup at the last meeting here and he looks a better proposition than Dickinson's Prominent Artist.

However, neither strikes me as a good bet to beat Combs Ditch, who has continued to encourage David Elsworth since coming down when closing on Observe in tha Kennedy Chase here.

After the Colt Diamond Chase, there will, I suspect, be few prepared to oppose Sheikh Ali Abu Khamsin's Deep Wealth in the Panama Cigar Hurdle qualifier. The Upland's five-year-old could not have done better on his debut at Newbury six weeks ago. Allowed into the lead at only the final flight in the closing division of the Speen Novices Hurdle, Deep Wealth justified Richard Linley's unshakeable confidence by putting seven lengths between himself and Isaac Newton.

Deep Wealth, the first foal of an unraced half-sister to Floating Pound and Fifty Dollars More, should outclass his six opponents before going on to eclipse the efforts of those illustrious half-brothers.

CHELTENHAM

12.30—Torbole**
1.40—Goldspun*
2.15—Combs Ditch***
2.50—Deep Wealth

AYR

2.15—The Engineer

Letters to the Editor

Ominous gaps in London's fleet of flagship offices

From Mr J. Heddle, MP

Sir,—As more and more major companies leave their London headquarters, ominous gaps are appearing in the fleet of flagship offices which have been an integral part of the capital's business fabric since the last war. Blue Circle, ICI, British Aluminium, GKN and Commercial Union are among the household names, some or all of whose London staff will soon be on the move, joining the trend already set by British Steel and British Leyland.

If de-centralisation continues, commuting costs rise, and office equipment continues to yield to the micro-technological revolution, there must be a real possibility of a serious over supply of central London offices. It is a matter which deserves the urgent attention of the Department of the Environment, the London Chamber of Commerce and Industry, the CBI and the trades unions.

Some of the causes of a movemant which has gathered pace during the last quarter of 1982 are not hard to identify. Rents, although lagging behind inflation in recent years, are still at high levels and the rates levied on tha business community by tha more profligate councils can make the total expense of occupying centrally-located space no longer acceptable. And the continuing recession, added to the pressures forcing firms out of London are the hitherto unquantifiable effects of the technological change. With fuel prices rising while the cost of computers and micro-electronics fall, it may be only a few years before the rigid pattern of commuting becomes a thing of the past. It will be increasingly logical for the electronic movement of data to replace the physical movement of personnel. Some markets will still demand face-to-face contact; but in the many business activities which do not hinge on close personal involvement the new technology can offer both reduced unit costs and e better life for staff. With the present quickening of the decentralisation that has been going on since the Location of Offices Bureau first sang its siren song, a tiring daily trip to the City will, for en increasing proportion of workers, be replaced by a short journey to a local office centre.

Tha result of the "push" of high occupancy costs in London and the "pull" of easier data communication and cheaper out-of-town rents will not necessarily be clear-cut or dramatic. Though looking for retrenchment, many firms will nevertheless want to retain a presence in London, and as the massive office blocks come on to the market there may be a heavy demand for smaller suites of a far higher standard. Other firms theoretically committed to moving may find that conditions have turned against them—if they cannot either sublet or assign without incurring heavy penalties.

But are we now witnessing the beginnings of a major shift in the framework of the capital's service sector? Will there be e dramatic decline in the demand for offices in London? To some extent the need for better standard of accommodation will balance the space left empty by a decentralised workforce, but in a bleak view of the future it is not difficult to envisage a data bank on magnetic tapes held in a provincial office replacing today's ranks of bulky filing cabinets housed in extremely expensive offices. Nor should the knock-on effects of the companies' departure go unnoticed. Large offices are the hub of local business activity involving restaurants, shops, banks and ancillary services such as design and printing. When a major employer leaves, can the satellites for long survive in a void?

John Heddle.
House of Commons, SW1.

Initiating an acceleration of elapsed time

From Dr I. Mackintosh

Sir,—Can it be, one is bound to ask, that this august journal, the FT, revered by devotees such as myself as a source of information of unchallengeable authenticity, has, to put it mildly, goofed!? Could is possibly be true that Elaine Williams, the excellence of whose articles on electronics has earned her an enviable journalistic reputation among the cognoscenti, in her article on tha anniversary of the transistor (December 23), has blown it!?

Let us examine the evidence. Her article highlights the significance of the 25th anniversary of the invention of the transistor, and her concentration on the number 25 is repeated and emphatic. No rare FT typo, this. And yet, in 1973, Prof Schockley, myself and a few others (with some formality) addressed the Royal Society in London on the general topic of the silver anniversary of tha transistor.

Did we all have it wrong, I wonder, or had Schockley *et al* discovered second sight as well as the transistor in 1948? Admittedly, purely simplistic arithmetic reasoning does not lend much support to Elaine Williams' proposition. After all, 82 minus 47 really still is 35 (isn't it?), or has tha drift to the binary system screwed that up, too? But, my calculator supports me and, with tha big swing to new technology in tha newspaper industry, it seems unlikely that, somewhere in the intensively professional environment of the FT, there isn't a similar electronic aid to which she would have access.

No! Clearly tho answer must lie elsewhere. Most likely, in my view, is an editorial decision at the highest level of the FT to begin a profound campaign of time compression. Based on a combination of the Heisenberg Uncertainty Principle (if you know what the tima is, you must be lost) and tha growing technology of bandwidth compression, and bored at the relatively slow speed with which the world's economy is going to bell in a wheelbarrow, the FT appears now to be trying to initiate an acceleration of elapsed time.

There could, of course, be great merit to this concept. Since time is, as everyone knows, merely e device to prevent everything happening at once, we could derive great benefit from being released from its tyranny. (Imagine, for example, the enormous political, economic and social benefits which might ensue from compressing the length of "Dallas" by c. 28 per cent.)

The most likely conclusion, therefore, is that the FT is launching the New (Watch) Movement of the 1980s, for drawing attention to which I can perhaps now await the usual public recognition.

The pursuit of scientific objectivity, however, does require me to point out the existence of an alternative explanation. Which is that Mrs Williams and her editors mey possibly have been celebrating for too long (10 years?) the advent of their 4-day 1982 Christmas holiday.

Dr Ian M. Mackintosh,
Ian Mackintosh International.
Mackintosh House,
Napier Road, Luton, Beds.

Policies for steel

From Mr G. Waller, MP

Sir, — No, the statement on December 20 by Patrick Jenkin does not mark a shift in the Government's policy towards the nationalised industries, as you claim in your leader "Politics again in steel" on December 21.

In the current crisis facing steelmakers worldwide, and with a European steel cartel governing production and prices, there is no free market within which commercial decisions can be dictated by market conditions alone. Let us hope that a free market can be restored by 1985. But in the meantime Governments have to make decisions. And, as your leader of only a few weeks ago "The future of steelmaking" (December 1) rightly said, a plan drawn up in the depths of a recession could turn out to be too pessimistic. In that same earlier leader you went on to argue: "Given the uncertainties about the future, a degree of caution about permanent cutbacks is appropriata."

The decision now announced by Mr Jenkin reflects precisely the caution which you were advocating. But no guarantees about future prospects for any plants were given; he made it absolutely clear that any such prospects must depend on both future markets and the efficiency of operations at the plants. Some delay in British Steel Corporation reaching profitability was inevitable, given the current lack of steel demand; what the Government has done is to provide BSC with clear planning guidelines for a revised timetable for the return to break-even.

Consistency is a virtue which not only Ministers but also newspapers should learn to practise.

Gary Waller.
House of Commons, SW1.

Grandad would have approved

From Mr M. White

Sir,—"Men and Matters" (December 29) on Long Johns at last shows that comfort can triumph over fashion. I have never found conventional underpants either warm enough or comfortable in winter and obviously others are being won over. Two years ago I was laughed at by my office contemporaries —well, I was only 20!—but no longer.

Perhaps Grandad would have approved.

Mark White,
Crossways,
Finedon, Northants.

Coach operators' group splinters

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

BRITISH COACHWAYS, the group of independent coach operators formed following the deregulation of coach services just over two years ago, has almost disintegrated.

Some of the original companies are still trying to find a site for a London coach park, but the concept of the marketing enterprise now has little support. The group was formed to take advantage of the Government's decision to stimulate competition among coach operators and to compete against the state-owned National Express.

British Coachways started operations from a site behind King's Cross station in London. The group then moved to a nearby hotel, but this base has been closed since October and the operators have scattered to a number of sites around central London.

Some express routes are still being operated under the British Coachways livery, but individual members acknowledge they are stressing their own names.

Six operators remain members of the group, running express services between London and Glasgow, Swansea, Hamilton, Middlesbrough, Newcastle, and Bournemouth.

Part of the problem in maintaining an effective national group has been the absence of a permanent coach station in London to rival that of National Express at Victoria. The highly individual nature of independent coach operators has also made it difficult to get agreement on fundamental marketing issues.

Statistics which would measure the success of express coach deregulation are nearly impossible to obtain, partly because individual operators guard their traffic figures jealously. It would appear, however, that the main beneficiary has been National Express, which responded quickly to the fare cuts initiated by the independents after deregulation to keep its market share.

The Transport Department is helping the independents in their search for a London site, but their efforts are frustrated by the resistance of local authorities, worried that coaches from the Continent would be attracted to such a site and create overnight parking problems.

FT GROCERY PRICES INDEX

Seasonal increases less than expected

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE Financial Times Grocery Prices Index increased slightly in December as prices of fresh produce rose in the weeks before Christmas.

The increase, however, was less than had been expected due to the sharp rise in the index the previous month.

The December index stood at 147.62 compared with 146.65 in November. This means that after several successive falls in the monthly index it has now started to increase. However, such a trend is normal this time of the year as the wintry weather and higher demand traditionally leads to higher prices for fresh produce.

The fresh fruit and vegetables section of the "shopping basket" had the highest increase of any section of the basket in December. It rose in cost from £266.89 in November to £274.56 last month.

The increase would have been higher but for the plentiful supply of produce due to the relatively good summer and autumn weather this year. The English and French dessert apple crop, for example, rose by 19 per cent this year—which has led to apple prices being about 5p per pound cheaper than at this time last year.

The Fresh Fruit and Vegetable Information Bureau reports that quality and supply of clementines, satsumas, nuts, and virtually all home-grown fresh vegetables were very good this year. The bureau said: "Only cauliflowers were rather low in supply and up in price."

The FT grocery price index is compiled from information supplied by 25 shoppers who monitor more than 100 items each month. The stores visited are the same each month and range from village grocers to superstores.

The index is meant only as a guide ot grocery price trends and should not be taken as an absolute indicator of price levels.

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FINANCIAL TIMES SHOPPING BASKET
DECEMBER, 1982

	December £	November £
Dairy produce	740.08	734.81
Sugar, coffee, tea and soft drinks	222.96	223.36
Bread, flour and cereals	331.55	327.90
Preserves and dry groceries	116.68	116.00
Sauces and pickles	58.24	57.88
Canned foods	208.59	207.15
Frozen foods	267.49	265.26
Meat, bacon, etc. (fresh)	643.02	644.45
Fruit and vegetables	274.56	266.89
Non-foods	275.43	274.37
Total	3,138.60	3,118.07

1981: January 130.96; February 131.75; March 132.75; April 134.93; May 136.30; June 137.37; July 136.62; August 135.60; September 136.60; October 137.49; November 140.31; December 141.24.

1982: January 144.81; February 145.83; March 146.71; April 147.73; May 151.06; June 149.37; July 146.92; August 144.56; September 144.13; October 143.79; November 146.65; December 147.62.

Left gains more power on ISTC

By Brian Groom

ELECTIONS for a new executive council of the Iron and Steel Trades Confederation have underlined the left's ascendancy in what used to be one of Britain's most right-wing unions.

The last elections a year ago gave a majority of one or two seats to a loose collection of "hard" and "soft" left-wingers. That appears to have increased by another two or three seats on the new executive, which takes office in February.

However, the ISTC left is not so organised as in some unions, and voting patterns are not consistent. The left's gains are believed to be in the "soft" category.

The so-called "hard" left numbers five. It includes Mr John Linighan from Teesside, who will take office as the first left-wing president for years.

The elections bring six new faces to the 21-member executive. Previously, one-third of the executive retired each year, but this year all the seats were up for election in a ballot because of a change of representation to geographical divisions from trade groups.

The new executive will serve for three years. This means it will appoint the successor to Mr Bill Sirs, the union's right-wing general secretary, due to retire in about two years.

Insurance companies seek to limit pay rises

BY BRIAN GROOM, LABOUR STAFF

INSURANCE COMPANIES are attempting to reach pay settlements substantially below those of last year, against a background of falling inflation and stiff competition within the industry.

Some observers believe the 1982-83 round of pay deals, now under way, will average about 5.5 per cent. This compares with an 8 to 10 per cent range in 1981-82, within which many settlements were clustered around 8.5 per cent.

Insurance negotiations are watched closely in the English clearing banks, where some executives are thinking of a 5 or 6 per cent settlement next April, compared with 8.5 per cent last spring.

Officials of the two main insurance unions, the Association of Scientific, Technical and Managerial Staffs (ASTMS) and the Banking, Insurance and Finance Union (Bifu), are to meet to discuss a united front against what they claim is a co-ordinated attempt by some major composite companies to keep settlements to 4.5 or 5 per cent.

However, there seems little liking for industrial action among ataff, who are worried about job security.

Eagle Star has offered to increase salary scales for its 5,500 staff by 4.5 per cent from January 1, after a settlement last year of 7 per cent plus a 2.75 per cent lump sum. Bifn's executive will decide this month whether to put the offer to ballot.

Bifu has registered a formal failure to agree with Guardian Royal Exchange over an offer worth 5 per cent on salaries plus 11 fringe items. The next step is a meeting with the board.

ASTMS has received a 4.5 per cent offer at General Accident, which last year paid 8 per cent increases plus a 1.75 per cent lump sum. ASTMS' section executive is to decide its next step this month. Members of the other GA union, the Association of Professional, Executive, Clerical and Computer Staff, has voted to accept the offer.

ASTMS also claims that a concerted approach has been taken for the second year running by the Scottish life offices, where offers of 5 to 6 per cent have been made. The union is co-ordinating its response, so offers are not accepted until the general level has been pushed as high as possible.

Refuge reached 7.5 per cent deals for chief office and field staff from October 1 (including shared savings from an efficiency exercise), and has won looger notice periods in return. But this looks likely to be higher than most deals in 1982-83.

Negotiations at Royal Insurance are to resume after an argument over exclusion of employees in a subsidiary. The company seems likely to maintain its agreement to regulate salaries in line with the cost of living.

Scargill denies harassing mineworkers' London staff

BY OUR LABOUR STAFF

MR ARTHUR SCARGILL, left-wing president of the National Union of Mineworkers, last night denied suggestions that he was harassing his London staff in an attempt to make them quit before the union moves its national headquarters to his native Yorkshire.

The claim was made by Mr John Varley, president of the NUM's white-collar section, which represents the 63 head office staff. He is to discuss a list of complaints with Mr Scargill on Friday.

"Arthur is trying by foul means to make sure no-one goes from London to Sheffield when the union moves. We believe it is a plot to avoid severance payments and replace staff with his own like-minded friends."

Mr Scargill said he was appalled by the suggestion. "Each member of staff has been asked on at least three occasions if they wish to move

Telecom and postal unions reopen amalgamation talks

BY DAVID GOODHART, LABOUR STAFF

FORMAL amalgamation talks have been reopened between the Civil and Public Services Association, Posts and Telecom Section — which represents about 42,000 staff in British Telecom and the Post Office—and the Post Office Engineering Union, the largest union in BT.

Previous attempts at amalgamation broke down in 1981 when a POEU conference rejected it, but officials in both unions now believe the chances of arriving at suitable merger terms are much greater.

The CPSA, P and T section, will want to kee psome autonomy in branch structure and financial organisation. A final merger agreement is likely to be put to the annual conference of the 130-000 strong POEIt in the summer.

The POEU is also in talks with the 20,000-strong Society of Post Office Executives,

Talks move on shipping labour pool

By Our Labour Staff

THE National Union of Seamen and the General Council of British Shipping are to begin talks in the next few days on the future of the Merchant Navy Establishment—the industry's labour pool, which dates from the First World War.

During recent pay talks the NUS suggested an examination o fthe system in the light of modern treods, including increased decasualisation.

The union is also worried about the number of coastal shipping companies seeking to defederate from the GCBS, which the NUS attributes partly to the cost of taking seamen from the MNE "pool" and returning them.

The opportunity for a review has been welcomed by the General Council, which is concerned about the high cost of the scheme. MNE spending accounted foran unprecedented £12m of the GCBS £14.5m budget last year. It covers administration, topping-up of unemployment pay and redundancies.

Finances were strained by the record 2,500 request for redundancy last year — five times the 1981 level. This is in spite o fthe industry's modest severance terms, and indicates a degree of despair among unemployed officers and ratings about finding new work in shipping.

THE ARTS

A Year's Music—Arts Page critics give their personal assessments

The Barbican—for better or worse

The musical message of 1982 was stark: funds and audience sizes ever more alarmingly uncertain (in the wake of the recession and the famed "Falkland factor"), the hunt for commercial sponsorship ever more desperate and the choice of concert programmes ever more clearly dictated (with, of course, honourable exceptions) by the desire to play safe. New "saturation selling" techniques of concert promotion made a small but significant mark on the musical scene; I fear that such an advertising blast as preceded the Festival Hall debut of the mediocre Vienna Master Orchestra last month must become the rule of the future, rather than the exception.

For coocert audiences 1982 must be called the year of the Barbican. The concert hall opened in Merch; after all the ballyhoo we settled down to live with the place, and the process of familiarisation is still not entirely complete. For myself, I've found that initial pleasure in the concert hall, with its warm, bright acoustics, has survived — even if solo recitals, vocal and instrumental, have seemed less comfortably accommodated there than orchestral concerts — but that in every particular the Barbican foyer, external surroundings, and vicinity have made the approech to the actual hearing of music a trial. The place is ugly, badly planned, unfriendly; and, unlike the acoustics of the hall (which can still be modulated), these are misfortunes that are unlikely to be set right.

So far, the Barbican has failed to create and then sustain a clear artistic identity, a purpose for being there, that is more than merely locative. This is perhaps something that can be expeced to change, as audience form habits, discover ways and means of penetrating that hatefully forbidding maze. Much of the LSO end ECO schedule claimed individuality through some form of thematic grouping (around conductors or composers); but with the shining exception of the Tippett-Berlioz Festival—poorly ettended, alas—the final product evinced a South Bank-type sameness that one imagines (or hopes) was unintended.

One pleasing development at the Barbican was the series of song recitals that Geoffrey Parsons gave with ten famous and less famous singers, under the heading *Geoffrey Parsons and Friends.* The hall proved variably adaptable to different voice-and-piano combinations—or else the singers in question proved variously able to master an unfamiliar environment. Of the four I attended, Thomas Allen's was easily the least successful (sad that so vivid an opera singer should have reduced communicative powers in *Lieder and mélodies*); Jenet Baker, Gundula Janowtiz, and Margaret Price all created different kinds of recital intimacy, and moments of recital magic.

But for recitals in London, the Wigmore Hall showed itself ever more indispensable—right

Max Loppert remembers the pleasure of a difficult musical year.

in size, feeling, and situation, somewhere not just for hopeful debutants to go through their paces but for top performers to disport themselves in comfort. Of the song recitals I heard there, Graziella Sciutti's stays in the mind for piquancy, charm, and freshnes, Jorma Mynninen's for bold artistry end a beautiful baritone voice, Linda Esther Gray's for sheer exuberance. Régine Crespin, even with a throat ailment, glowed with queenly radiance; Siegfried Jerusalem and Doris Soffel, two of the leading younger German singers, displayed handsome voices rather more than vital personalities.

As Dominic Gill will doubtless be recalling in greater detail, it was a vintage year for pianists in London. Any season that draws Michelangeli (whom I heard, in company with another *monstre sacré* Celibidache, giving the Ravel G major concerto of one's dreams) and Horowitz (who reminded us that he is above all a *bel canto* musician) must be accounted in some degree a success; but I remember Cherkassky, Ousset, and Jorge Bolet with hardly less gratitude—and the talented but immature Ivo Pogorelich with a still-smoking remnant of irritation. The loss of Clifford Curzon, Rubinstein, and Glenn Gould was painful beyond expectation.

For new music and iteresting combinations of 20th century music our reliance on the BBC and the London Sinfonietta seemed heavier than ever. The Sinfonietta *Manchester School* series was a revelation—not just in its re-examining Goehr, Maxwell Davies, and Birtwistle in fresh contexts, but for the new works with which the old were so tellingly interspersed. The individual "composed evenings"—such as Ligeti's—worked similar small miracles. The *1952 onwards* series began in grand style with Elliott Carter's formidable but nakedly appealing song cycle *In Sleep, In Thunder.* Is it really possible—the same question we ask year after year, but this time with read urgency—that for the lack of funds the Sinfonietta may shortly cease operations?

From America the BBC Symphony brought us David del Tredici's *Final Alice* (billboard-size musical kitsch) end Bernstein's *Songfest*, a celebration of American people in 13 brash, exhilarating songs for vocal sextet (in the same concert, Bernstein led a massively over-emotional yet deeply moving *Enigma Variations*). The Stravinsky Festival, three yeers of marvels, came to e close with the Royal Opera *Rake's Progress* and, before that, an unforgettable concert of *Perséphone* and *Threni.* At the Proms Robin Holloway's Second Concerto for Orchestra made a huge impression: with this, and *Clarissa*, and a number of smaller compositions, 1982 may well be seen to be the year of Holloway's artistic maturity.

Arthur Rubinstein

Simon Rattle

Regine Crespin

Sergiu Celibidache

A good vintage of new music

Little excitement can be simulated for the unenterprising diet of symphonies and concertos that is served up year in and year out on the South Bank by the independent London orchestras. Nineteen eighty-two was no exception to the rule, except when the standard repertory was transfigured by a great performer. Dominic Gill will doubtless deal with the parade of great pianists that quickened the pulse in the first half of the year; orchestral occasions of similar quality could be counted on one hand. Two concerts by the Vienna Philharmonic under Eugen Jochum set a standard of performance and interpretation that was not approached elsewhere; their Festival Hall account of Bruckner's seventh symphony was the finest I have had the privilege of hearing, while a Beethoven programme in the Albert Hall demonstrated that "old-fashioned" approaches still have much to recommend them in exceptionally talented hands.

Deputising for Jochom late in the year, Klaus Tennstedt repeated his riveting performance of Bruckner's Seventh with tho London Philharmonic that had been a highlight of 1981; at the Proms, Simon Rattle demonstrated with the Philharmonia that Mahler's Tenth in Deryck Cooke's performing version should be placed at the highest level of Mahler'e achievement. Otherwise I am hard put to justify the mention of any other orchestral performances from the London orchestras. The Philharmonia cootinued to produce excellent, ettentive results especially under its principal conductor, Riccardo Muti; the LPO fitfully reached the same high standard. Equally noteworthy was the inexplicable decline of the London Symphony, which instead of reaping the benefits of becoming the first London orchestra to have a permanent home, became sloppier and less attentive as the year went on, reserving some of its worst appearances for the Barbican Hall.

Happily, there was enough new music of substance and note to fill a review of 1982 several times over. The rise of small-scale contemporary-music groups is becoming a feature of 1980s concert life; they may share a relatively limited number of expert instrumentalists between them, but each organisation usually manages to create a positive image and performances are generally excellent. The New London Chamber Choir, directed by James Wood, is one of the more significant newcomers, its programmes juxtaposing renaissance and contemporary scores, though that formula was forsaken in the autumn for an imaginative programme of Xenakis and early Cage. The London Sinfonietta Voices too made great strides, their reputation gaining on that of their already illustrious parent orchestra; an early evening series of short recitals devoted to Wilbye and Poulenc during South Bank Summer Music was an underrated treasure.

The Sinfonietta itself continued to fly in the face of economic peril with ever more comprehensive surveys in its London programmes. Concerts were devoted to Berio, Ligeti and Henze in the spring and included the first performance of Henze's *Miracle of the Rose*, a clarinet concerto commissioned by the Sinfonietta, and at St John's there was a sequel to the successful "1945 onwards" series of 1981, this time taking 1952 as the starting point. "1952 onwards" produced at least three premieres of top quality — Elliott Carter's *To Sleep, To Thunder*, Nigel Osborne's *Choralis* (a *tour de force* for the Sinfonietta Voices) and George Benjamin's astonishingly accomplished *At First Light*, arguably the most perfectly realised piece of them all.

The Arditti String Quartet is fast becoming as indispensable to our contemporary musical life as the Sinfonietta has been for more than a decade. The Arditti's programme at the ICA in February was for me the concert of the year, superbly played, and presenting three of the masterpieces of the new string-quartet literature, Ferneyhough's second quartet, Carter's Third and, most magical and fugitive of all, Nono's meditations on Hölderlin, *Fragmente-Stille, An Diotima.* During the year also the Arditti introduced Vic Hoyland's Quartet-movement, the first of a projected set of three; tightly worked, tough music. Hoyland's talent was demonstrated on a far larger canvas when his music-theatre *Michelagniolo* was presented at York University, a bold, imaginative work that wears its debts to Stockhausen and Berio lightly and superimposes on them an abrasive expressive surface that is all Heyland's own.

Andrew Clements finds more pleasure in new music than in the unimaginative output of the major orchestras.

Among the older guard, Stockhausen appeared at the Festival Hall, as charismatic as ever, to conduct *Inori* with the BBC Symphony Orchestra. As soon as one learns to disregard the mime artists who hover above the orchestra, it becomes one of the composer's more fascinating scores of the last decade, slow to take fire but ultimately completely absorbing. Boulez's appearance at the Proms with his Ensemble Intercontemporain was even more spectacular and significant. It brought the British premiere of *Répons*, the first piece by Boulez or anyone else to use the full panoply of the resources of IRCAM. If the score in its present characteristically unfinished state suggests more a primer in the manifold possibilities of the computer techniques than a major composition in its own right those possibilities are tantalising in themselves.

The ever combative MusICA series moved its main assault to the summer months, bringing another dose of the music of Giacinto Scelsi and an evening devoted to the off-beat and engaging theatre piecea of C. Newman, as well as an installation of the work of the South African Kevin Volans. At the opposite end of the new-music spectrum, the City of Birmingham Symphony Orchestra and Simon Rattle provided an opportunity to hear at last something of Robin Holloway's opera *Clarissa*, in the form of a symphony drawn from the score. As a work for the concert hall, the symphony has its problems, but it presents ample evidence to justify a performance of the complete opera as soon as practicable. That British contemporary music can comfortably embrace both Holloway and the ICA series is its continuing strength end in this vintage year its fascination.

Welcome changes on the South Bank

Among the minor blessings of the past concert-going year in London have been the South Bank's decision to re-open the big side entrance to the Festival Hall, so that one no longer has to go round the whole building to get in, and to permit free entry to the Elizabeth Hall foyer, so that one's guests needn't stamp about in the porch until the host arrives with the tickets. Can the competition from the Barbican have prompted these overdue reforms? Pressure from above is about to force changes upon the pretentious restaurant, too (about which one's had to warn overseas visitors these many years); perhaps the box office will even start answering their phone, as they haven't done for me since the mid-70s. (The apologetic recorded message is always that they're too busy, which must be explained by the popularity of some Festival Hall events; if I were a promoter of recitals in the two smaller halls, I should feel very hard done by.)

The Barbican arts complex itself still offers grim approaches for the pedestrian—if the City takes pride in the Barbican, why can't it enliven the concrete bleakness of "Beech Street"?—and is still better geared to dispensing hard liquor than coffee. Its musical planning has shown much more imagination than the first months' programmes suggested: the Falla and John Field mini-festivals were happy events, with extremely stylish work in the former by the conductor Eduardo Mata and the singing actress Neti Mistral, and in the latter by the pianist John O'Conor. The controversial acoustics of the hall have been tested over a wide scale of performance; particular successes were Previn's sumptuous Rakhmaninov Symphony No. 2 with the Pittsburgh Symphony, and Richard Hickox's small-forces (but not small-scale) account of Bach's B minor Mass.

Hickox also led a wonderfully inspiriting performance of Janacek's Glagolitic Mass by the London Symphony Chorus on the South Bank. Simon Rattle's version with his Birmingham chorus did not surpass it, but all his conducting this year has confirmed his vital musicianship, perhaps crowned by the exuberant Ravel *L'Enfant et les sortilèges* in his South Bank Summer Music. His delectable *enfant* was Maria Ewing, whose Rosina in the Glyndebourne *Barbiere* was again a great operatic delight. Among other such delights were Della Jones in Donizetti's *La Romanziera* at the Camden Festival and Rossini's *L'Italiana* at the ENO, and all three principals in the Royal Opera's extravagant Puccini *Fanciulla del West*, and Jon Vickers in the RO *Pagliacci* (with Cappucilli) and *Tristan* (with the unpredictable but exciting Gwyneth Jones) and Josephine Barstow's innocently psychopathic *Salome.*

David Murray reports on improvements on the South Bank and gives his prizes for 1982.

Companies based outside London displayed other star performances—Cynthia Buchan in the Buxton *Hary Janos*, Felicity Lott's Octavian in the Glyndebourne *Rosenkavalier*, George Shirley in Scottish Opera's Cavalli *L'Egisto* and Nelly Miricioiu and Gino Quilico in their Puccini *Manon Lescaut*, Klaus König in the Dresden *Ariadne auf Naxos* at Edinburgh (brilliant Joachim Hertz production), Felicity Palmer in the Prom *Oedipus*—and nearly everything else that she did this year—and Dennis O'Neill in the Welsh National *I Puritani.* Among promising newer faces were Adrian Martin in the ENO *War and Peace*, Deborah Rees as a haggard Sophie in the Glyndebourne *Rosenkavalier*, and William Kendall and John Paul Bogard in Berlioz' *L'Enfance du Christ* at Lyons. Lyons also had the conductor Marek Janowski, whose Berlioz was as impressive as his new Eurodisc recording of Wagner's *Ring* (with Jessye Norman, another lady who could do nothing wrong this year).

On the fringes, the singers Henry Herford and Justin Lavender made promising marks in opera, and William Parker in recital, and Stephen Varcoe in everything. He performed to great effect with the Songmakers' Almanac, as did Miss Palmer, Diana Montague and Anthony Rolfe Johnson. There were lovely song recitals by Martyn Hill and by Mitsuko Shirai (with Thomas Hemsley). Among all the piano playing one remembers not only grand old men like Gilels, Perlemuter and Cherkassky, but Mitsuko Uchida's Mozart sonatas and all of Cécile Cusset's appearances—and Paul Crossley's gleaming Prom Stravinsy, Joseph Kalichstein's Schubert sequence and Steven de Groote's Classical pieces along with female duo-pianists: the Labèque sisters, the Pekinel twins and Imogen Cooper and Anne Queffélec. And Maurizio Pollini played Schoenberg and Webern by himself (in Edinburgh) as beautifully and searchingly as he played Mozart with the English Chamber Orchestra.

Among conductors Roger Norrington celebrated the 20th anniversary of his Schütz Choir with *éclat*, and the Russians Rudolf Barshai and Yuri Simonev made superb last-minute replacements for other people, and the veteran Lovro von Matacic was inspired. Brian Wright led a splendid Liszt *Missa Solemnis*, end Sir Charles Groves a rich Messiaen *Turangalila*, and David Atherton the whole Stravinsky Festival. From a wealth of string quartets the Arditti stood out as recent-music champions, and the very young Hagen Quartet for their amazing precocity. Several more deserve enthusiastic mention; it was a good year.

Brahms/Elizabeth Hall

Max Loppert

The piano trio of Frankl, Pauk, and Kirshbaum, assisted by Janet Hilton's clarinet, saw in the New Year, and simultaneously the start of a "Mainly Brahms" chamber music series, on Sunday. Within the prescribed format, the programme (all Brahms, in fact) was both solid and well varied—D minor violin sonata, the clarinet trio, the B major piano trio—but perhaps it was executed with too great a degree of solidity, and an insufficient one of dramatic variety, to avoid a feeling of stodge by the evening's end.

These artists are all chamber musicians of high accomplishment; on this occasion, however, the inspiration that often marks their combination did not very readily descend. Mr Frankl's touch of the piano—he it was who supplied the concert's backbone—was secure, very firmly placed, rather workaday; he allowed the slow movement of the D minor sonata to go limp, while in much of the clarinet trio he kept too dutifully to the background. Miss Hilton, remarkably pure of tone, likewise took reticence to the verge of interpretive self-abnegation—the work is after all a discourse for assertive equal voices, whereas here it became something of a chamber concerto for Mr Kirshbaum's beautifully poetic cello, tastefully adorned.

It was only in the youthful ebullitions of the piano trio (which the composer characteristically disciplined in later life) that anything like the true note of Brahmsian vigour began to be sounded, and all those well-made and furnished paragraphs began to take on any kind of colour and warmth.

Opera version of 'Gaslight'

An opera based on the stage thriller, *Gaslight*, receives its first performance on Thursday January 6 at the Jeannetta Cochrane Theatre, Southampton Row, London, as part of the Camden Winter Season.

Betty Roe, former director of music at the London Academy of Music and Dramatic Art, has written mainly for young people end this is her first full-length opera for adults.

The work has been commissioned by the Intermezzi Ensemble, a resourceful group of professionals which specialises in Offenbach. It receives a further performance on January 8.

The other opera in the Camden season is Frank Martin's *Le Vin Herbe* which will be performed by the London Music Theatre Group at the Jeannetta Cochrane Theatre on January 5 and 7.

Adrian Mitchell joins Unicorn

Adrian Mitchell, the poet and playwright has been appointed resident dramatist at the Unicorn Theatre for Children. During his residency Mr Mitchell will be writing the 1983 summer touring show for the company and will create a Secrets Series in which celebrities will be invited to the theatre to share the secrets of their professions with the children.

'Man and Superman' to transfer

Due to its success at the Theatre Royal, Haymarket, Shaw's *Man and Superman* will transfer to the Cambridge Theatre from Tuesday January 11 for a six-week season. There will be performances Tuesdays to Saturdays at 7.30 pm (with no Saturday matinee).

Royal Opera's visit saved

The Royal Opera has confirmed that its cancelled visit to Manchester next September will go ahead after all.

This follows the recent Government announcement of increased aid for the arts and a special supplementary £5m grant for the Arts Council.

The season at the Palace Theatre will run from September 9 to September 24, with 14 performances of *Il Trovatore, Madame Butterfly* and *La Clemenza di Tito.*

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 3–7

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Le Nozze di Figaro a ten-year-old John Copley staging beginning to show its age, has in its favour Daniela Mazzucato's quicksilver Susanna, Richard Stilwell's Count, and Samuel Ramey, in the title role. Samson et Dalila, designed by Sydney Nolan (who provided some of the most ravishing sets seen here in recent years) and produced by Elijah Moshinsky, returns with substantially the same cast – Jon Vickers and Shirley Verrett, conductor Colin Davis on January 9, the great Boris Christoff returns to London for a Royal Opera recital.

English National Opera, Coliseum: Last season's Gounod Romeo and Juliet, a not especially distingvished Colin Graham production, returns with the same heroine to lift the show into the big league – Valerie Masterson. Further performances of the very impressive Otello, and of the rather routine Bohème.

Royal Festival Hall: Festival Ballet's Nutcracker continues twice daily (3pm and 7.30pm).

Royal Opera House, Covent Garden: The Royal Ballet ushers in the New Year with Cinderella, and later in the week offers the triple bill of The Tempest, Konservatoriet and Raymonda Act III.

Sadler's Wells, Rosebery Avenue: This branch of the Royal Ballet follows La Fille mal gardee with a smirking version of Papillon.

PARIS

Paris Opera: Nutcracker conducted by Andre Presser, choreography by Rosella Hightower and Karole Armitage. Opera-Salle Palais Garnier. (742 5750)

Carmen conducted by Garcia Navarro with Teresa Berganza as Carmen and Ernesto Veronelli as Don Jose. Opera Comique-Salle Favart. (296 1220)

The Merry Widow – Can-Can and Confettis at the Theatre Musical de Paris-Chatelet. (261 1983)

ITALY

Milan, Teatro alla Scala (809 126): Giordano's Andrea Chenier conducted by Riccardo Chailly and Verdi's Ernani conducted by Riccardo Muti with Mirella Freni and Placido Domingo.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): First seasonal performance of Pelleas et Melisande, conducted by James Levine, starring Teresa Stratas, Jose van Dam and Dale Duesing, joins repertory performances of Parade, the Met's ballet-opera sequence of Satie, Poulenc and Ravel, Il Trovatore, and the last performances of Hansel and Gretel and Tannhäuser. (580 9830)

WASHINGTON

Washington Opera (Terrace Theater, Kennedy Center): La Cenerentola and The Abduction from the Seraglio. (254 3670)

CHICAGO

Light Opera Works (Cahn Auditorium, 600 Emerson): Candide, Leonard Bernstein's opera-cum-musical, successfully revived in New York, comes to Chicago starring Elizabeth Gottlieb and David Huff, conducted by Barney Jones and directed by Philip A. Kraus. (346 6111)

Beacon Street Playhouse (4520 N. Beacon): World premiere of William J. Norris's The Christmas Present, e Dickensian story of the miracle produced by the gift of a silver chalice to e starving family. (561 7390)

HOLLAND

Netherlands Opera: Cav & Pag at the Stadsschouwburg, Amsterdam. (Wed).

WEST GERMANY

Berlin Deutsche Oper: Die Fledermaus; Falstaff produced by Goetz Friedrich with Pilar Lorengar; Hänsel und Gretel with Helga Wisniewska and Janis Martin. Puccini's Das Mädchen aus dem Goldenen Westen, produced by Frank Corsaro, conducted by Giuseppe Sinopoli, features Kaja Borris and Franco Bonisolli. Lucia di Lammermoor has fine interpretations by Cristina Deutekom and Bengt Rundgren, conducted by Gianfranco Masini. Die Hochzeit des Figaro rounds off the programme. (34 381)

Hamburgische Staatsoper: Premiering this week is Der Rosenkavalier produced by August Everding. Gwyneth Jones triumphs in the part of Die Feldmarschallin. Cosi fan tutte benefits from a creditable performance of Marjana Lipovsek in the role of Dorabella. Der Barbier von Sevilla has an all-Italien cast. (35 1151)

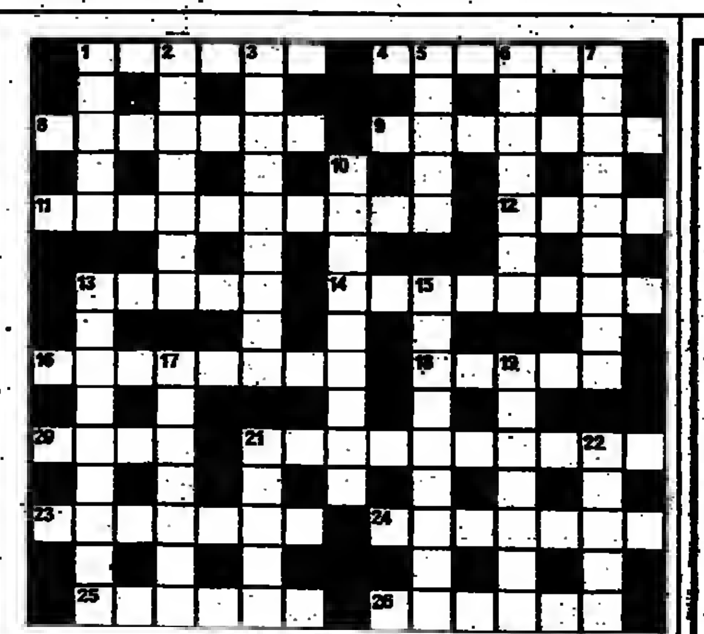
Cologne Opera: The Magic Flute has Martti Salminen as sarastro. Die Meistersinger von Nürnberg with Hans Sotin as Sachs and Kay Griffel as Eva is spendidly handled. This week's highlight is Der Freischütz with Siegfried Jerusalem and Edda Moser. Die Fledermaus is a fresh and delightful revival. (20 761)

Frankfurt Opera: Arrigo Boito's Mefistofele in e concert version conducted by Klauspeter Seibel with Jewgenij Nesterenko in the title role. Ruth Berghaus' spectacular Parsifal production with Walther Raffeiner will be also on the programme this week. La Traviata has Eugenia Moldoveanu in the title role. My Fair Lady has fine interpretations by Gabriele Fuchs and Tilo Weber in the main roles. (25 621).

Munich Bayerische Staatsoper: Puccini's Il Tabarro and Gianni Schicci with Julia Varady and Giorgio Lamberti in a dramatic, well-paced performance. Die Fledermaus, an Otto Schenk production has fine interpretations by Bernd Weikl and Daphne Evangelatos. Die Hochzeit des Figaro brings together Hermann Prey and Lucia Popp. Also this week Orpheus/Die Kluge both by Carl Orff, starring Wolfgang Brendel and Angela Feeney.

Frankfurt Alte Oper: The original Broadway version of West Side Story, with a New York ensemble.

F.T. CROSSWORD PUZZLE No. 5,062



ACROSS

1 A delicacy has little interest within 24 hours (6)

5 Professor keeps a vehicle in the street (6)

8 Puzzle with no more meaning for the French (7)

9 Tho governor starts this month in opposition (7)

11 Alliterative collector of condiments (5, 5)

12 Here's a bandit without and a ship (4)

13 A bird with energy—understood? (3, 2)

14 It means the razor is sharp (4, 4)

16 Is like, we hear, stage announcers (8)

18 Given accommodation, whichever way you look at it (3, 2)

20 A dose discharged (4)

21 The lady of the manor has a talk with the girl (10)

23 "The calf and the young lion and the ——— together" (O.T.) (7)

24 You have to segregate one thus unpunctual (7)

25 A stripling at Bablock-hithe (6)

26 The result of leaving the strait and narrow (6)

DOWN

1 One under the doctor can be an idler (5)

2 Earnest for one member over the others (7)

3 His sounding was questioned (9)

5 Presage one short month for the city (5)

6 Have I the opportunity to be friendly? (7)

7 Preliminary to play at Lords demands a call (7, 2)

10 Representative with the gift of the gab (9)

13 "A ——— is better than all the heads in the world" (Lytton) (4,5)

15 Trains Fleet Street in costs (9)

17 Boy with girl on his knee (7)

19 Creeper gives a shot of what is coming (7)

21 What we take on departure (5)

22 Trim abstainer in refusal (5)

The solution to last Friday's prize puzzle will be published with names of winners next Saturday.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

L to r: John Bowis of the National Federation of Self-employed and Small Businesses; Derek Young of the Union Independent Companies; Stan Mendham of the Forum of Private Business; Jeremy Pope of the CBI's Smaller Firms Council; and Brian Kingham of the Association of Independent Businesses

Doing nicely—but could be better

Tim Dickson reports on the hopes of some key lobby groups for the new year

WHILE the economic outlook generally remains bleak, the possibility of an Autumn election and the designation of 1983 as the European Year of the Small and Medium Sized Enterprise, should ensure that small firms remain in the political spotlight over the next 12 months.

The Government has now chalked up around 100 measures which it claims have been directed specifically at small companies. But the major lobby groups—spurred on perhaps by their successes over the past 3½ years—are still not satisfied and would like to see further changes in the legislative and fiscal climate.

Summing up the recent gains, John Bowis of the National Federation of Self Employed and Small Businesses feels that "the three falling I's"—inflation, interest rates and the (national) insurance surcharge—have provided some light for the small businessman.

For the immediate future, though, the Lancashire-based group maintains that while the outlook for those setting up a new business has brightened, it would now like to see "more light for the tunnel-bound established small business."

The federation is thus calling for measures to encourage small businesses to retain working capital, a fairer deal for the self-employed over national insurance contributions, a reduction in the administrative burden of VAT and a "positive statement" on the reform of business rates.

The Union of Independent Companies echoes the plea for help for the more established business and emphasises that "positive discrimination" alone can redress the economic imbalance between big and small. "Our particular wish for 1983 is to see more tangible awareness of the vital role that small and medium sized manufacturing companies can play in Britain's economic revival and growth," says UIC national chairman Derek Young.

The UIC wants a review of all legislation and regulations affecting small business and

Protection for creditors

greater flexibility in their application to small firms. It is keen to see more Government purchasing from small companies, more closely reflecting small firms' share of the gross national product. Implementation of the Cork Report on Insolvency Law and Practice proposals offering some protection to unsecured creditors would be welcome; and, while interest rates have come down, a further reduction of medium-to-long-term borrowing costs for industrial investment would also raise a loud cheer.

This point is taken up by the Forum of Private Business, which wants a "small business bond" so that small businesses can borrow from the bank at half the normal interest rates. "The mechanism is that the banker takes security on the assets that are purchased and offers half the interest rate. When the bank is completing its own annual tax returns it does not pay any tax on the small business bond interest," says the Forum's chief executive, Stan Mendham.

The forum is also concerned about VAT—the threshold of which was increased last year from an annual turnover of £15,000 to £17,000. It estimates on the basis of its own recent survey that savings of £80m could have been made by traders if all those in a position to de-register had done so. The Government, it claims, would have saved a further £40m.

Looking ahead the forum is calling for an increase in the VAT threshold to £50,000—"to reduce Government spending and the small business administration costs involved." Such a measure, says Mendham, would encourage more start-ups and provide the very small business with a competitive edge.

Also on Mendham's shopping list is a reduction in the cost of the Government's Loan Guarantee Scheme (the interest premium is currently 3 per cent on the guaranteed portion) and a three year tax deferral scheme for small businesses or those businesses changing their products, re-equipping, changing location or increasing their labour-force by 50 per cent.

Reflecting on 1982 the CBI's Smaller Firms Council chairman, Jeremy Pope, takes particular satisfaction from the reduction in business costs through cuts in interest rates, the National Insurance Surcharge and energy prices.

As for this year, the CBI concedes that planning is difficult for companies — the timing of a general election and future economic trends are uncertain and it detects little sign yet of an upturn even among small manufacturing outfits.

"More and more people are going into business on their own, often as a result of redundancy or lack of job opportunities, and we have to find ways of helping those with the potential to make it," he says.

The CBI is sticking to its proposal last year for Small Firms Investment Companies, which would be supported by individual and institutional funds and would help new and established businesses with loans and equity.

However, Pope sounds a note of caution: "The revival

Realism and patience

of interest in smaller firms has come about because of optimistic assessments about their potential for wealth and job generation. This has created a bubble of hope and expectation which smaller firms may find difficult to live up to in the short-term, particularly against a depressed economic background.

"It would be a tragedy if this bubble were to burst because the long-term potential which is certainly there may not satisfy short-term expectations. Realism and patience will need to be the priorities for the smaller firm sector in 1983."

Apart from the reductions in interest rates and the National Insurance Surcharge, the Association of Independent Businesses took particular heart from last year's Employment Act which outlawed secondary picketing.

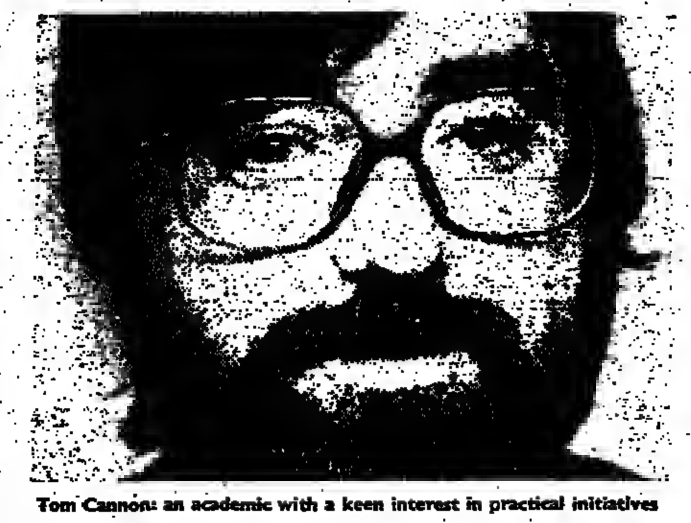
The major item on the AIB's 1983 agenda is business rates. "Between 1970 and 1982 business rates increased from 18 per cent to 50 per cent of industrial profits while, during that period, domestic rates rose from 2.3 per cent to 2.9 per cent of personal disposable income after tax. Rates are not charged on empty houses but they are imposed on unused factories — hence the growing practice of removing the roofs of such buildings to escape the tax."

The AIB is also still concerned that the present tax system provides a disincentive to work and is calling for increases in personal tax allowances.

It describes as an "appalling anomaly" the way employees are unwilling to accept extra responsibilities and additional pay because it would be "eaten away by extra taxation and eroded by the loss of social security benefits."

Brian Kingham, the AIB's chairman, makes a final plea: "During the European Year we seek a greater public conception of the role in, and the value to the national economy of, smaller businesses, rather than special Government measures."

'Go it alone' inducement for Scottish graduates



Tom Cannon: an academic with a keen interest in practical initiatives

A SEARCH is under way North of the border for the next generation of Scottish entrepreneurs.

A total of 40 graduates — preferably including some with a touch of the genius of an Alexander Bell, a James Watt or an Alexander Fleming — are required to join an unusual new programme aimed at helping them develop their business ideas.

Called "Graduate Enterprise" the scheme will, later this year, offer the chosen few a training package worth an estimated £5,000 and what could be a significant step forward on the road to commercial success.

The idea, which involves both public and private sectors, is the brainchild of Professor Tom Cannon of Stirling University—an academic with a keen interest in practical initiatives. It has already received the formal blessing of John MacGregor, the Junior Industry Minister with special responsibility for small firms and of David Young, chairman of the Manpower Services Commission.

If successful it will be followed by similar projects based at Durham, Manchester and Aston Universities, Trent College, the London Business School and a location in the South West. The organisers say their preliminary model is also attracting considerable interest outside the UK.

Government support for the scheme—the MSC has chipped in £25,000—is not surprising since Ministers are keen to promote more widely the idea of self-employment to those studying in schools and universities.

Private sector sponsors—among them accountants Arthur Young McClelland Moores, the Industrial and Commercial Finance Corporation and Ivory and Sime and associated investment trusts—have also agreed to put up money and most crucially lend their experienced staff in support. No doubt they see a useful opportunity to become involved at an early stage with what could become successful businesses of the future.

"Graduate Enterprise" has two broad aims—first to stimulate interest in individual enterprise among the 10,000 students graduating from Scottish universities later this year; and second to take a handful of budding businessmen of a relatively tender age and prepare them for the rigours of the commercial world through an intensive 18-week training and development programme.

"We don't know of any comparable scheme in the UK, Europe or the United States," comments Stephen Duffy, who has been seconded for a year from Arthur Young to co-ordinate the venture.

"What we hope to be is the catalyst for those with viable business ideas to come forward from the eight Scottish universities. We are convinced that there are plenty and if our scheme fails we are sure that it will not be for lack of projects.

"Students are very familiar with big companies which turn up to talk to them about careers. We would like to think that 'Graduate Enterprise' will become a genuine alternative to this 'milk round' in the future."

The scheme kicks off later this month and in February with one-day conferences at each Scottish university.

"Enterprise counsellors" have been appointed at each location to generate interest and issue invitations to every student graduating this year. Speakers will include a politician, the University Chancellor and a graduate who has succeeded in his or her own business. Bankers, accountants and marketing experts will be on hand to discuss early problems/ideas.

Between February and May budding entrepreneurs will be encouraged to put their business plans together. Back-up support and advice will be on hand from sponsors and other sources, co-ordinated in each case by the enterprise counsellor.

Meanwhile, a local panel of experts (including local business people) will have reviewed and "constructively" criticised ideas by around the beginning of March before finally picking the best local projects, at the end of May. These will go forward to a national panel in June when the 40 best will be chosen. Duffy comments, "We will certainly not choose doubtful plans just to make up the numbers. But I am sure that there will be enough viable projects."

Those selected for the course will receive free accommodation at Stirling University; a £60/£70 per week enterprise grant; a £1,500 market research grant; free office facilities and a £250 general grant. No capital will be provided but the organisers estimate that overall the assistance will be worth around £5,000.

Although postgraduates are most likely to have the right blend of expertise and experience, Professor Cannon stresses that first rate undergraduate projects will not be discounted.

T.D.

Forecasts 1983

The start of a series of articles this week analysing the outlook for the world economy and individual industrial sectors

Spectre that haunts the market

ENERGY

RAY DAFTER

THE ENERGY industry has emerged bruised but seemingly unbowed from 1982, surprised at what it encountered and apprehensive at what it is about to face.

In particular, demand for oil remains weak, prices are under pressure and a new round of refinery closures can be expected in 1983.

Looking back, Mr Clifton Garvin, chairman and chief executive of Exxon Corporation, sees the past 12 months as a "pivotal year" for the industry. Companies, he said, became fully aware that low demand for energy—especially oil—was no temporary phenomenon. "We are having to cope with a shrinking pie through adjustment and rationalisation."

According to Mr Peter Walters, chairman of British Petroleum, the industry survived 1982 in better shape than it might have expected. For BP, he said, it was a time for "swift and brave decisions. BP survived because we changed methods and the ethos of trading and became more nimble footed."

But all the major energy companies have changed. They are now dismantling the last vestiges of old corporate philosophies based on the principle of integration. Companies are less inclined to see their businesses run on a production-line basis from their oil fields, through the tanker and distribution operations, to refining and marketing. "Decoupling" has become the fashionable industry buzzword.

The coming year should see a continuation of this dismantling process and a renewed emphasis on separate profit centres within corporations. All of the Big Seven oil comanies have seen their net profits plummet with the falling demand for energy over the past three years—by as much as 57 per cent in the case of BP and 65 per cent in the case of Mobil.

In order to arrest this decline subsidiaries of the major corporations have been closing or mothballing refinery capacity at an unprecedented rate. This has been particularly evident in Western Europe. It is hardly surprising given the way the industry over-invested in the 1960s and early 1970s in expectation of rising demand.

Esso Petroleum points out that the industry was forecasting in 1973 that by now European oil demand would be soaring well above 22m barrels a day. Present demand is running at between 12m and 13m b/d, well below the 15.2m b/d peak of 1973. Esso feels that demand could slip even further over the next decade in response to conservation, changes in the industrial base of Europe and competition from other energy sources such as coal, gas and nuclear power.

There is no doubt that the decline in oil demand has taken the industry as much by surprise as the Organisation of Petroleum Exporting Countries. When the figures are totted up it will seem that last year demand in non-communist countries fell to around 45.5m b/d, about 3 per cent below the depressed level of 1981 and almost 12 per cent below the peak level of 1979.

The industry sees little chance of much improvement in oil demand over the next 20 years, either. Although the developing countries' need for energy is likely to grow apace, the overall non-communist world demand for oil is not expected to rise beyond about 50m b/d.

The forecast could turn out to be unduly pessimistic, influenced by the current depressed state of the oil market. Industry forecasters have made an awful hash of their past projections. On the other hand, this is the basis for much of the industry's planning.

It explains, for instance, why companies—and governments—are dropping projects to exploit unconventional sources of oil such as tar sands and shale oil.

With so much conventional oil around companies now feel it could be the turn of the century, or perhaps well beyond, before the large scale development of tar sands and shale can be justified. Industry investment decisions are now made on the basis that crude oil prices in 1990 may not be any higher in real terms than they are at present.

On the other hand oil companies have not lost interest in the coal business which they see as providing considerable growth potential. Their view has just been supported by the International Energy Agency in its World Energy Outlook Report. The IEA reckons that international coal trade could more than treble over the next 20 years.

But industry executives concede that growth may be delayed given the continuing depressed demand for energy in general and the immediate prospect of a decline (or collapse) of oil prices.

It is the search for oil and gas that is still commanding the attention—and investment—of the big energy companies even if the U.S. drilling effort by small independents has been dropping dramatically during the past 12 months.

Considerable effort is needed just to replace depleted reserves. In the North Sea, for instance, oil companies are aware that they may have to find over a dozen fields to make up for the oil extracted from some of the early giant discoveries.

And yet even here, at the heart of the companies' traditional business, there is a changing corporate philosophy. Sir Peter Baxendell, chairman of Shell Transport and Trading and senior group managing director of the Royal Dutch/Shell Group explained:

"The days when we went out to search for large reserves just to fuel our fully-integrated operations are over." Shell was no longer an "elephant hunter," mainly seeking very big fields. It was just as interested in finding and developing small oil and gas prospects — providing this could be done profitably.

The future profitability of exploration and production will depend to an over-riding extent on Opec's ability to maintain crude oil prices at around today's level. The energy industry is surprised at the way Saudi Arabia managed to defend the $34 a barrel reference price in 1982. It has grave doubts about whether the Saudis can repeat the feat in 1983.

The Opec ministerial meeting in Vienna last month did not help matters. Although the 13 member countries agreed to hold the reference price at $34 and impose a production ceiling of 18.5m barrels a day they failed to take the bold step that would make these objectives tenable.

In order to walk away from the conference in some semblance of unity the ministers left unanswered the thorny question of how the 18.5m b/d would be shared between the member countries. And that issue is crucial. A feature of last year's oil market was the way countries like Iran and Libya flouted previous production quotas and chased extra sales by offering covert discounts. As a result towards the end of last year Opec prices were nearer an average of $32 than the official $34 reference.

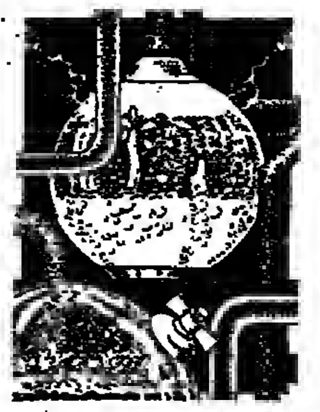
Tha industry could absorb a further, gradual erosion of prices. In the longer term it might help to rejuvanate demand.

What companies fear most of all as they enter 1983 is a total collapse of prices, perhaps caused by an internal Opec battle for market shares.

The industry is convinced that the risks would far outweigh tha benefits of lower energy costs. Highly-indebted countries like Mexico and Nigeria would face extreme financial difficulties. The world banking system could face chaos, hit by collapsing economies on the one hand and the withdrawal of Opec funds on the other. "In the end no one would benefit," said Mr Walters.

It must be stressed that such a doom-laden prospect is still regarded as unlikely by the energy industry. But the spectre will haunt the already-troubled oil companies as they approach spring, traditionally the time when demand slackens and Opec's unity is tested.

A very painful slimming course



CHEMICALS

CARLA RAPOPORT

ONCE AGAIN, the chemical industry's toasts to the New Year were a muted affair. Most in the field lifted their glasses to the prediction that 1983 just could not be as bad as 1982. A greater number, however, drank to the prospect of fewer drinkers at next year's party.

With losses in the European petrochemical industry running at around $2.5bn a year, much more than a pick-up in demand is needed. Further rationalisation and cut-backs in bulk petrochemical capacity will be necessary before an industry-wide revival can begin.

The New Year is expected to bring announcements of new deals—including mergers, shutdowns and portfolio swaps—in Europe, as well as the U.S. and Japan.

"I don't expect a lot of good news in demand in 1983," says Mr John Harvey-Jones, chairman of Imperial Chemical Industries, Britain's largest chemical company. "There will be more rationalising this year. I'm sure."

Any improvement will have to come from internally generated efficiency, including improved process efficiencies.

The loss-making chemical division of British Petroleum, BP Chemicals, estimates that about 18, or more than a third of Europe's ethylene crackers are prime candidates for cutbacks or closure.

Mr Robert Horton, managing director of BP Chemicals, says these plants are vulnerable because they suffer from substantial operating cost disadvantages and relatively low potential demand. These crackers use naptha to make ethylene, which is used to make a wide variety of plastics and solvents.

The sorry history of excess capacity within the industry is amply illustrated by the chart of ethylene demand and capacity. A steep decline in demand in 1979 was matched by a significant growth in capacity. By 1981, profits were falling sharply or, in many cases, loses were mounting.

"Against our most optimistic scenario of an ethylene demand growth of 1.7 per cent over the next 8 years, with the *status quo* maintained, there will be 32 per cent overcapacity still existing in 1990 in Western Europe," says Mr J. H. Choufoer, a managing director of Royal Dutch Petroleum and a group managing director of the Royal Dutch/Shell Group.

Compounding the overcapacity problem is the prospect of new petrochemical projects under construction in the Middle East, Mexico and Canada. These present an even greater challenge to the established producers as they have the added advantage of cheaper feedstocks.

The overcapacity problem is by no means limited to Europe. In Japan petrochemical manufacturers have been advised by a semi-governmental committee to cut their ethylene capacity by a third — to 4.5m tons — by 1985. The Japanese petrochemical manufacturers are projected to lose about Y35bn (£90m) during the current fiscal year.

The committee also recommended that the fragmented Japanese chemical industry should group together to discourage excess competition.

In the U.S., the industry's problems are not as acute. Compared to Western Europe, a significantly fewer number of companies make each major petrochemical. In almost every case, one company enjoys a leading market share in each of the main petrochemical products and can thus help keep prices up.

"You've got leadership in the U.S.," says Mr Harvey-Jones. "If you try to roll on Du Pont, they'll just roll back on you and kill you. In Europe, nobody has more than 8 per cent of a market. Under those circumstances, it's almost impossible to get prices up."

The Americans, however, are still feeling the pinch and most of the big chemical producers have responded to the current troubles by whittling down assets in order to reduce debt.

According to Mr Ed Giles of F. Eberstadt & Co, the Wall Street stockbrokers, some 20 large U.S. chemical companies with 1981 net income of about $5.5bn have divested businesses valued at nearly $5bn in recent years, including $1.5bn in the first nine months of 1982. Mr Giles predicts that overall net income for those companies will have dropped by 25 to 30 per cent in 1982, a year when capital spending and dividends for these companies will probably exceed cash flow from operations by nearly $2bn.

Companies throughout the industry, in the U.S. and elsewhere, are also shifting their emphasis to speciality operations which have been better able to withstand recessionary pressures. Specifically, the pharmaceutical operations of most of the chemical giants have continued to prosper: ICI's pharmaceutical business, for example, increased its profits by 38 per cent in 1981. It is now ranked 25th in the world league of companies with pharmaceutical sales. Looking ahead to 1983, pharmaceuticals remains the area where the large chemical companies are most confident about earnings growth.

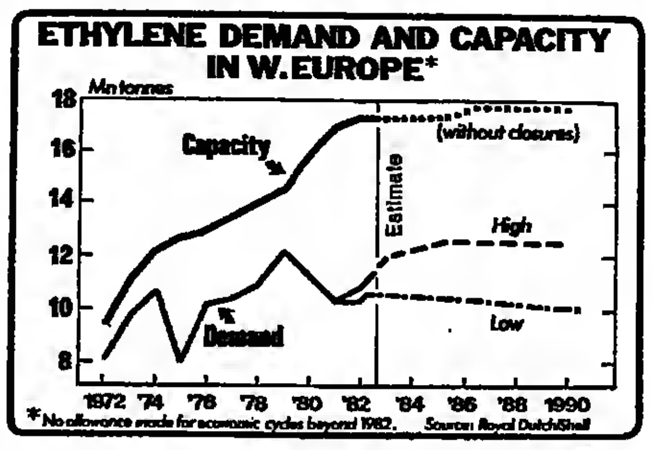
For bulk petrochemicals, companies are either not prepared to forecast or cautiously predict that some improvement could arrive in the second half.

"About six months down the road, things will perk up," says Mr Horton at BP Chemicals. His view is backed up by Mr Paul Oreffice, president of Dow Chemical, which is expecting a substantial profits improvement in the second half of 1983.

Mr Harvey-Jones is a bit more cautious. Recognising the need for more rationalisation in the European chemical industry, he says: "I don't believe this problem can be solved on a nice, tidy basis. If the Common Market means anything, it means you can't have industry organisation on a country-by-country basis. But you've got strong resistance on the part of national governments to have it any other way. One reason the UK has gone farther on rationalisation is that by and large we have a government which is not defending a national position in this industry."

Mr Harvey-Jones's concerns are shared by others in the industry who point at Italy and France as major problem areas in terms of over-capacity.

Although somewhat hesitant about the industry's short-term prospects, most chemical executives look ahead to better times. "Nineteen-eighty-three is going to be another disappointing year, but not as bad as 1982," says Mr Horton.



* No allowance made for economic cycles beyond 1982. Source: Royal Dutch/Shell

Brana Radovic

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The Commission of the European Communities inform herewith the Bondholders that a selection by lot for a principal amount of U.S.$4,500,000, has been made for the redemption due 1st February, 1983 in the presence of a Notary Public at the Chase Manhattan Bank N.A. New York.

The serial numbers of the Bonds to be redeemed are set forth below in groups from one number to another number, both inclusive, except such as shall have been previously called for redemption or otherwise retired:

801 to 1000	3001 to 3200	3401 to 3600	3801 to 4000	4201 to 4400
6801 to 7000	8401 to 8600	10601 to 10800	11601 to 11800	17201 to 17400
20401 to 20600	21201 to 21400	25601 to 25800	27401 to 27600	27801 to 28000
28401 to 28600	29601 to 29800	33401 to 33800	34601 to 34800	35201 to 35400
37201 to 37400	37601 to 37800	38801 to 39000	39601 to 39800	40001 to 40200
41401 to 41600	43801 to 44000	45401 to 45600	46801 to 47000	48201 to 48400
49201 to 49400	50401 to 50600			

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4th January, 1983

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Tuesday January 4 1983

New approach to a summit

ONE OF the pivotal economic events of 1983 ought to be the Western summit meeting to be held in May. Existing policies have produced persistently disappointing results and should this trend continue there is a clear danger not only of outright depression but of the disintegration of the world free trading system. There bes never been a clearer need for a consensus on constructive new policies; yet scepticism about the whole process of consultation et the summit has never been more pronounced.

This scepticism would he perfectly justified if the leaders could he expected to do nothing hut unite in deploring the present state of things; but this is not the case. If nothing else was achieved in 1982, the year's events did at least spread a general understanding that countries cannot pursue their domestic aims without regard to the consequences overseas. The OECD and the International Monetary Fund heve begun to spell out some of the implications; changes in U.S. monetary policy and Japanese fiscal policy are practical and helpful expressions of this understanding.

Extravaganza

Most significantly, perhaps, Mr Donald Regan, the U.S. Treasury Secretary, suggested a constructive agenda for new initiatives. Fiscal and monetary policies should be framed with regard to the need for a more stable and realistic pattern of exchange rates; international financial institutions should be provided with larger resources and freed of some restrictions on their use; a framework should he set up for effective action in debt emergencies; and weight should be given to the trading needs of the third world. This is an admirable agenda.

The scepticism derives from the way the image of summitry has tarnished in recent years and, in particular, since the extravaganza at Versailles in June, where form triumphed over content. This meeting failed to face up to the magnitude of the coming slump or to the acute dangers to the world credit system which would accompany it and was swiftly followed hy acrimony between the U.S. and Europe over trade in steel and over European involvement in the Soviet gas pipeline project.

The U.S. President soon made it known that he would make the next economic summit, scheduled for May in Williamsburg, Virginia, a more workmanlike affair. This is a welcome intention because the main trends which bave reduced the value and responsiveness of economic summit derive from U.S. influence.

It is notably the Americans who have tended to inflate tho numbers of people attending. From the start at Rambouillet in 1975 they insisted that finance and foreign ministers should attend. It is the U.S. retinne of bureaucrats which has swollen the fastest. It was President Carter who exercised his taste for long and very detailed communiques which had to be negotiated and haggled over for months in advance. It is the U.S. which applies the strongest pressure to turn any such summit into a media event.

Undermined

These trends have undermined the value of Valery Giscard d'Estaing's idea when he pressed for the first economic summit in 1975. He wanted a relatively intimate and unbureaucratic meeting to discuss monetary co-operation in a world of floeting exchange rates and the co-ordination of economic policy.

In recent summits preparation has begun many months before the event. The meeting is generally prepared under five headings — macro-economic policy, international monetary relations, international trade, energy, and north-south relations—whether these are hurning issues of the moment or not. A variety of different ministries have their say and when the heads of state come together they find that the discussion they are supposed to have has already taken place.

On top of this process of bureaucratisation, and some would argue because of it, there has crept in an unfortunate tendency to regard an economic summit as a zero sum game in which there must be a loser for every winner. It is poor diplomacy to claim publicly after any negotiation that one has gained something and conceded nothig. Yet after the Versailles meetig both the U.S. —over the matter of exchange rate intervention—and France —over trade with the Soviet bloc—claimed to the media that the concessions they had made in these areas did not amount to much.

Simple agenda

The Williamsburg summit must redress these faults. The agenda should remain as simple and as concentrated as possible. The numbers attending should be pared to the bone. The personal representatives of the heads of state—"sherpas" in the jargon—should compress their preparations into the month preceding the summit and be personally briefed by their beads of state before they begin tehir work.

The communique should summarise the basic conclusions reached by the heads of state. It ahould not be regarded as the end of a process but the beginning of one. There needs to be a shift of bureaucratic emphasis from summit preparation to summit follow up. The simply stated reqnests of the leaders should serve as the basis for detailed negotiation between competent ministries after hte event. From their summits the Western leaders should point the way they want to go, rather than mep the paths which brought the mtogether.

An unnecessary misunderstanding

BRITAIN'S reletions with Saudi Arabia and other parts of the Arah world are again—unnecessarily—in difficulty. The refusal by Saudi Arabia to welcome a visit planned by Mr Francis Pym, the Foreign Secretary, to Riyadh later this week, is the culmination of what appears to have heen a series of misunderstandings. While the British Government cannot always expect to walk safely through the minefield of inter-Areb relations it should at least be sure that its own policies are clearly defined and enunciated with a single voice.

When King Hassan of Morocco proposed to lead an Arab League delegation to London—with similar delegations visiting other world capitals to explain the decisions reached by the Arab summit at Fez—the request appeared to pose few difficulties.

Reaffirmation

Later, PLO representation became an issue. The Foreign Office apparently in consultation with 10 Downing Street, laid down conditions which have clearly infuriated the would-be visitors. They were told thet the delegation would only be received on the basis that it supported the Fez declaration hinting at eventual recognition of Israel and also confirmed its opposition to terrorism.

A message apparently intended in London as e simple re-affirmation of policy gave offence. Exactly who was responsible for drafting it is unclear. The suspicion is that the root of the problem lies in relations between the Prime Minister's office and the Foreign Office.

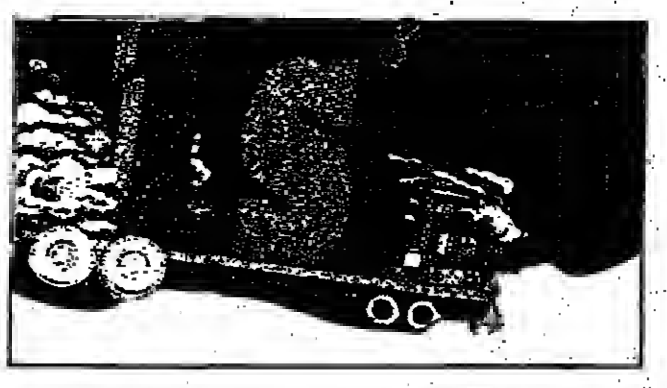
Britain'e position on the PLO has long been that it will oot be officially recognised until it eccepts Israel's right to exist and renounces terrorism. However, it is far from clear what "recognition" implies. British officials regularly meet PLO representatives, and the impression has gained ground in the Middle East that at least part of the Government would favour the creation of an independent Palestinian state on the Israel-occupied West Bank and Gaza strip. Mr Pym made a statement to this effect on a recent visit to Damascus, but immediately recanted it, adding to the confusion. The arrival of Sir Anthony Parsons, a diplomat with extensive Middle Eastern background, at Downing Street as foreign policy advisor has now raised questions in the Arab world, about where British policy will be made in future.

This confusion is deplorable. Quite apart from the possible damage to trade relations, it is regrettable that a cooling in relations should take place just as Britain and the more moderate members of the Arah world appeared to be moving closer towards a common approach to a Middle East peace settlement.

The British Government welcomed the Reagan peace plan. Many Arab governments believe there are elements in it worth exploring. Of course, there are still formidable obstacles to overcome, not least Israel's blanket rejection of the Reagan plan. Yet when, at last, there is some indication of movement it is more than a little sad that Britain should suffer crossed wires with Arab proponents of a negotiated settlement. The blame does not lie entirely in London, but it is here that action can be most readily taken to put things right.

Forecasts 1983

Reaganomics, reality and recovery



THE U.S. ECONOMY
By David Hale

THERE ARE increasing signs that the recession in the American economy is ending, but there is considerable uncertainty about what kind of recovery lies ahead. Several indicators suggest that a modest upturn may begin as early as the first quarter of 1983. The motor industry has cut inventories and plans to increase production in January. The fall in mortgage rates since summer has produced a revival in home-building activity which is still gaining momentum.

Finally, the rate of inflation has dropped to the 4-6 per cent range, where it is likely to remain until the end of 1983. Pay growth has fallen to an annual rate of 6 to 7 pe rcent from 10 per cent two years ago while productivity is likely to increase by at least 2 to 3 per cent during the next 12 months.

Moderate pay gains and a cyclical recovery in productivity should also permit a partial non-inflationary restoration of corporate profit margins during 1983 — a recovery which is now amply discounted in the stock market.

Past business cycle history suggests that the U.S. economy should enjoy a buoyant recovery during 1983. The U.S. economy has typically expanded at a rate of 6 per cent to 8 per cent during the first year of business expansion.

The recent downturn, moreover, has been the longest of the post-war period. Despite a brief recovery in 1980-81, charts of indnstrial production or real GNP show the U.S. economy to have been virtually flat for three years. There is thus considerahle pent-up demand and under-utilised capacity available to support higher rates of economic growth.

But while U.S. business cycle history might indicate that a robust expansion is likely over the next 12 months, major differences between the current economic environment and previous recovery periods suggest that the 1983 recovery will be only half as strong as the post-war norm.

First, the U.S. now has a far more deregulated financial system than at any time in the post-war period. Since 1978, the authorities have been progressively phasing out the formerly tight restrictions on the interest rates which banks and thrift institutions have been permitted to offer savers.

These institutional changes have had a profound, if not yet well understood, impact on the economy. Whereas the old financial system was biased in favour of borrowers, the new system is far more favourable to savers.

As a result, there has been a substantial decline in household credit usage and e significant redistribution of income from borrowers (young families purchasing a home) to savers (the wealthy or retired). In 1982, for example personal interest income was equal to 15 per cent of all U.S. personal income compared to 10 per cent five years ago. These financial changes bave had e very disruptive impact on credit-sensitive industries such as housing.

Deregulation also has removed the circuit breakers in the financial system that once permitted the Federal Reserve Board to crunch the economy at a relatively low level of market interest rates.

Because of the financial system's new flexibility, there is now more uncertainty about the level of interest rates required to stop or start the U.S. economy and a high risk premium is being factored into bond yields. This adjustment has helped to hold long-term borrowing costs in the U.S. at very high levels compared to previous recovery periods.

The second major difference between the current period and the previous recoveries is the international dimesion of the recent U.S. recession. A deteriorating trade balance has accounted for more than half the weakness in the U.S. economy during the past two years.

Protectionist sentiments

The high real interest rates resulting from the Reagan Administration's risky attempt to combine a tight monetary policy with loose fiscal policy ettracted a large flow of foreign money into U.S. dollar financial assets during the past two years, causing the dollar exchange rate to become seriously overvalued. The real economy adjustment to this capital inflow has been an increase in the merchandise trade deficit, especially in manufactured goods. In the 12 months to October, the U.S. had a trade deficit of $20bn in manufactured goods, compared with a small surplus in 1981. The total 1982 trade deficit would be mnch higher than the Government's current $42bn projection but for a substantial improvement in the commodity trade account, resulting from falling oil demand.

Since the U.S. is likely to lead e world economic recovery, the 1983 trade deficit may well balloon to the $60-$80bn range. The dollar is still substantially overvalued while important export markets in Latin America and Canada will be depressed for at least another year.

Because of the deterioration in merchandise trade performance since 1980, it is not surprising that there has been an upsurge of protectionist sentiment in the U.S. Dollar overvaluation reduced U.S. inflation, but it compounded the problems of many already troubled labour-intensive durable goods manufacturing industries. It is estimated that the deterioration in the net export balance has cost the U.S. economy 1.6m jobs during the past two years.

The third major contrast between the current period and previous recoveries is the remarkable amount of uncertainty which still surrounds Government economic policy. While the impact of the recession and financial deregulation on private sector credit demand has eliminated short-term concerns abont the potential crowding-out effect of large Federal Government budget deficits, the intermediate-term outlook is clouded by expectations that the deficit will remain close to $180bn, or 5 to 6 per cent of GNP, after the economy improves. In previous recovery periods, by contrast, the budget deficit has always declined sharply both in absolute terms and as e share of GNP, freeing the financial markets to accommodate private sector credit demands.

The bndget deficit will remain large after recovery starts because the Reagan Administration has had far more legislative success in reducing the growth rate of tax revenue than in cutting puhlic spending.

In 1981 and 1982, the Administration persuaded Congress to enact large cuts in the diminishing portion of Federal budget represented hy discretionary non-defence spending programmes (education, aid to cities, etc.) but these cuts have been offset by large increases in defence expenditures as well as continued growth of social security and other transfer payment programmes, which account for nearly half of all Federal expenditures.

The increase in the structural hudget deficit is the result of contradictions in the Reagan economic programme at the time it was introduced. First, the multi-year personal income tax cuts and changes in business depreciation schedules enacted during 1981 were supposed to trigger a self-financing surge in the growth rate of nominal GNP that was never compatible with the Fed's declining money growth targets. Secondly, the President'e supply side advisers greatly overstated the potential incentive effects of the income tax programme on economic performance even if monetary policy had been more accommodative.

The Reagan income tax programme is basically an indexation programme, which adjusts tax rates for inflation-induced tax bracket changes in the late 1970s. It will prevent the system from becoming a greater burden on the willingness of the American people to work and invest. But it was never revolutionary enough to transform behaviour and permit a rapid, painless transition to high non-inflationary rates of economic growth.

How will the Administration modify its programme in order to make it more compatible with economic recovery? Since many of the potential policy choices contradict previous electoral promises, the Administration is divided over how to proceed. Also, the new Congress will be less co-operative than its predecessor.

It may be many months before a new fiscal policy emerges. But because the perceived options are so limited, two things are likely to happen which should boost the economy later next year after a further rise in the unemployment rate above 11 per cent during the next few months.

First, there will be continued pressure on the Federal Reserve to take all of its risks on the side of ease rather than restraint as 1983 progresses.

New shadow veto power

The Fed will try to resist demands for excessively stimulative monetary policies similar to those which occurred during previous recovery periods. Mr Volcker's term ends in August and whether he is reappointed or not, he will not want to be compared with Dr Arthur Burns, whose policies are now regarded as having been far too permissive during the 1971-1972 and 1976-77 recoveries.

Bnt while Mr Volcker is trying to promote a moderate non-inflationary recovery, he recognises that any further economic deterioration or large increase in interest rates would trigger direct intervention by Congress into the conduct of monetary policy.

The Fed's and the Administration'a growing sensitivities to the international economic environment, including both the exchange rate and the LDC debt problem, also argue for monetary ease. Indeed, Latin America is taking on some of the characteristics of a new Federal Reserve district, with shadow veto power over any tightening moves.

The Fed will continue to announce money targets during 1983, but it is unlikely that they will regain their former status. During 1982, monetarism was partly discredited by a collapse in the ratio of money to GNP (money velocity) which caused Fed policy to appear more stimulative than it really was.

As Mr Volcker himself has been stressing during the past year, the Fed will now have to rely on judgment in guiding the economy rather than mechanical rules. In time, U.S. monetary analysis will develop a more British flavour, with as much attention focused on the credit counterparts of money growth as narrow measures of bank liabilities.

The new flexibility of Federal Reserve policy creates the risk of moderate deterioration in the economy's inflation performance during 1984 and 1985, especially if the dollar falls sharply, but with unemployment so high and inflation so low, the Administration will be prepared to accept that risk. The economy will face no real resource constraints for some time and many forecasts now project an unemployment rate of 9 per cent at the time of the 1984 presidential elections even if recovery starts soon.

The second major probability in the outlook is that there will be a grend compromise or e series of minor compromises over fiscal policy at some point during 1983 as a *quid pro quo* for continued monetary flexibility.

When compromise finally occurs, the Reagan Administration will probably swap cuts in defence outlays end selected tax increases for long-term reductions in the growth rate of social security benefits, as well as modest cuts in other non-defenee expenditures. The tax increases will most likely consist of higher social security payroll taxes ae well as attempts to broaden the tax hase by reducing exemptions and deductions.

There is now much public discussion about introdocing a flat rat income tax or a more progressive narrow bracket system similar to it. The President will be ahle to argue that hroadening the tax base is tha first step in that direction.

If the policy adjustments are successful, the Federal deficit will remain large in dollar terms but shrink to 3 to 4 per cent of GNP as the economy recovers during the mid-1980s. In 1983 and 1984, though, Federal fiscal policy will continue to be highly stimulative as emergency lending assistance to Latin America ($20bn per annum or more) offsets the short-term deficit-reducing effects of tax and spending changes.

The major problem for the Reagan Administration from the start has been its unwillingness to accept the constraints on any government'e ebility, right or left, quickly to alter economic performance. Because of financial deregulation, disinflationary monetary policy and energy price shocks, the U.S. was beaded for an extended period of slow economic growth during the early 1980s, irrespective of who was President.

While ideological fervour was probably necessary to win the 1980 presidantial election and achieve the legislative successes of Mr Reagan'a first year, it blinded the Administration to economic realities and frequently caused propaganda to be substituted for policy. The Administration pursued ambitious and contradictory objectives, with no real grasp of the economic trade-offs implicit in them.

1982 was the year in which reality intruded. 1983 will be the year in which the Administration finally demonstrates whether it has the ability to combine a long-term commitment to its original goals with prudent economic management.

David Hale is chief economist at Kemper Financial Services and Kemper-Murray Johnstone International Inc. of Chicago.

U.S. MERCHANDISE TRADE

Billions of 1972 dollars

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982/3qtrs.
Merchandise exports											
Agricultural	9.5	12.1	11.1	11.3	12.6	12.9	15.3	15.9	18.0	18.2	17.8
Non-farm	39.9	49.1	56.1	54.1	55.1	55.1	60.0	64.9	74.2	70.7	64.2
Total	49.4	61.2	67.2	65.4	67.7	68.0	75.2	82.8	92.2	89.0	82.1
Merchandise imports											
Oil	4.7	6.6	6.3	6.2	7.5	9.1	8.5	8.6	6.8	6.0	5.0
Non-oil	51.1	53.1	52.0	43.6	53.6	58.3	67.0	68.4	67.1	72.5	74.1
Total	55.8	59.6	58.3	49.8	61.1	67.3	75.5	76.9	74.0	78.5	79.1
Merchandise trade balance	−6.4	1.5	8.9	15.5	6.5	0.7	−0.3	5.9	18.1	10.5	3.0
Balance— Less oil imports and farm exports	−11.3	−4.0	4.1	10.5	1.5	−3.1	−7.0	−1.5	7.0	−1.8	−9.8

The manufacturing trade deficit is now at levels which preceded large dollar declines during the 1970s.

Men & Matters

In defence

Wherever human rights are under attack, it seems, one of the first moves in their defence is to turn to a British lawyer for help.

None has been more in demand than John Macdonald, the QC who has been refused entry to Bangladesh to represent former deputy Prime Minister Moudud Ahmed—himself a British-trained barrister—at his trial by a martial law trihunal.

Macdonald, a former chairman of the Liberal lawyers and now a Liberal Alliance parliamentary candidate for Folkestone and Hythe, has for most of the past decade been prominent in the fight for various "hopeless" causes throughout the world. Some 60 per cent of his practice is in administrative and constitutional cases.

Back in the mid 1970s, Macdonald represented the Ocean Islanders in their long legal battle with the UK Government over compensation for their removal from their tiny South Pacific homeland, rendered virtually uninhabitable by phosphate mining.

In 1977, Macdonald was engaged by the family of Yuri Orlov to lead the defence of the Russian dissident but was barred from the trial at which Orlov was sentenced to seven years' imprisonment.

More recently Macdonald has fought in the courts to safeguard the rights of Canadian Indians threatened by the Canada Act; and secured £5m compensation for the inhabitants of Diego Garcia who were evacuated from the Indian Ocean island so that it could be turned into an American military base.

The 51-year-old barrister was asked to go to Dacca to help defend Moudud Ahmed shortly before Christmas. But his application for a visa has met only "somewhat evasive replies."

Charges against Moudud Ahmed had "every appearance of being trumped-up," says Macdonald, and the trial has now been adjourned. But if the martial law edministration persists in going ahead with it, Macdonald says the defence must now rest with the UN.

"Just who do you think you are to moan about absenteeism over the last few days?"

Nosed out

Should your doctor give a tentative sniff or two — as if testing the bouquet of a fine wine — while applying the stethoscope to your chest, don't be alarmed.

It probably means he's taking seriously the suggestion in The Lancet that your aroma can afford clues for the finely-tuned nose as to the state of your health.

Three American medics claim that the natural smells we give off reveals more than whether we smoke or eat garlic. They list 45 smells emanating from their patients, and their diagnoses.

Beware the aroma of freshly-baked brown hread. It betokens typhoid. Stale beer can indicate TB and the fleshy smell of a butcher's can suggest yellow fever.

Skating hastily over some truly noxious smells and what they may mean, we come to the odours of maple syrup or yeast, which can point to diseases in the water-works. While the pong of over-ripe Camembert can suggest a certain kind of abscess. But take heart if yon smell sweaty for that is the smell of the normal body.

The doctors end with a plea to others to "record their experience of olfaction as a diagnostic tool." Bot my GP says sniffily that et this time of the year everybody is either splashed with Christmas-present perfumes, has e cold and cannot smell anything.

Lamb shorn

With the sudden resignation of Sir Larry Lamb, the game of musical chairs that revolves around the editorship of Rupert Murdoch'e newspaper, The Australian, goes merrily on.

Only six months after rejoining the Murdoch organisation—and only three months after becoming The Australian's editor-in-chief—Lamb, former editor of The Sun, announced at the weekend that he is returning to Britain "to resume my career there."

Lamb declined to be more specific and plans to take a long holiday before deciding what to do. But he is not expected to rejoin Murdoch either at The Times or Sunday Times or at his original perch in Bouverie Street.

Murdoch, now an infrequent visitor to his corporate headquarters in Sydney from his corporate headquarters in Sydney from his home in New York, has been in Australia with his family for the holidays and there have been serious disagreements at The Australian.

The proprietor reversed e Lamb move to take sport off the back page of the newspaper and criticised some other changes his one-time deputy chairman had made.

The new editor—The Australian's 13th in its 16-year life—is Les Hollings, e former Times sub-editor, who occupied the chair for several years previously until Murdoch removed him.

In recent months, Hollings has come back into favour, acting as corporate relations manager. As such, one of his major duties has been to provide Murdoch, and Australian managing director Ken Cowley, with e daily appraisal of antipodean news which became known as the "Yellow Peril" for its incandescent comments on how The Australian and other newspapers were handling it.

Let down

President Mitterrand has a certain fondness for scientific innovation. But high technology, in the shape of a 140 ft mobile crane, let him down with a bump at the weekend.

The crane was supposed to hold aloft a special parabolic antenne to relay Mitterrand'a New Year message from his country residence in south west France to millions of TV viewers throughout the country.

But the machine never turned np—and the broadcast had to be postponed for 24 hours until a replacement was hired at a cost of at least FFr 20,000 from nearby Bayonne.

The TV announcer mumbled sheepishly that the original British-made crane had got stuck in the fog. Actually it had never left its base in Nancy, 625 miles away, where it was being used to prune the poplars in the city's puhlic park.

It is not the first time Nancy's trees have interfered with presidential actions. A few years ago, city workmen removing tree stumps severed a telephone cable and cut off a conversation between President Georges Pompidon and a leading member of the West German Government.

Observer

Forecasts 1983

Why there could be better news on the way

THE BRITISH ECONOMY

By Walter Eltis

THERE IS considerable pessimism about 1983, but it could in fact be the year in which the economy begins to come right. It should be the first of Mrs Thatcher's years in office in which the real money supply rises significantly and the first in which the ratio of taxation to the national product falls. These should both produce economic benefits.

Monetary economists believe that financial markets tend to be depressed if the money supply grows more slowly than be price level. This causes those who become short of cash to seek to convert liquid assets into money which raises interest rates, pulls down house and share prices and produces weak markets for capital and consumer goods. Where the money supply rises substantially faster than prices, cash exceeds current needs, with the result that buying orders for shares of all kinds predominate over selling orders, while equally favourable conditions are created in the markets for real estate and durable consumer goods. Growth in the real money supply may of course lead to extra purchases of foreign shares and so depress the exchange rate, while tight money may sharply raise this.

The table shows how drastically, the real money supply fell in Mrs Thatcher's first year. M1 — money supply according to its narrower definition — increased by 14 per cent less than prices in 1979-1980, sterling M3 by 5 per cent less and PSL2 (private sector liquidity) by 8 per cent less. All three measures of the money supply therefore indicate the tightening of financial markets and these were indeed extremely depressed, while interest rates rose sharply as portfolio holders and finance houses attempted to maintain adequate liquidity, and the exchange rate shot upwards. The influence of the real money supply on financial markets was approximately neutral in Mrs Thatcher's second and third years.

If attention is focused on M1 there was a slight further tightening, while money became looser according to the sterling M3 measure. But it is well known that this was severely distorted by the removal of the corset, and by the faster growth of bank housing loans (which influence Sterling M3) than of building society loans which do not. The PSL2 measure does not suffer from these distortions, and this indicates an approximately stable real money supply from the summer of 1980 to the summer of 1982.

The real money supply started to grow very sharply indeed last summer. Retail prices rose by only 1.3 per cent in the six months May to November 1982, but in these same months M1 rose 8.4 per cent, Sterling M3 by 6.3 per cent and PSL2 by 4.2 per cent. Financial markets were thereby given an upward twist and these favourable effects should continoe. The Government is likely to raise the money supply by something like 10 per cent in the next 12 months, while it is almost universally agreed that retail prices will rise by only 5 per cent or 6 per cent and possibly by less. Few fear a wage round of more than 6 per cent or 7 per cent and with productivity rising at 2 per cent or 3 per cent, wage costs per unit should rise only 4 per cent or 5 per cent.

The forecasts of a fall in the oil price at some point in the year underline how commodity prices are more likely to fall than to rise, and with cuts in taxation in prospect, business costs should rise by only 3 per cent or 4 per cent. A 5 per cent rise in prices should therefore actually permit some widening in profit margins. Prices could even rise by as little as 5 per cent or 6 per cent if there is a modest fall in the exchange rate as a result of a lower price of oil. With 10 per cent nominal monetary growth in 1983, the real money supply is bound to grow if inflation is held down in this way, and that should prove an expansionary force — the converse of the deflationary influence of the shortage of money in 1979-80.

A second favourable influence on prospective demand and output should follow from the Government's success in controlling public expenditure. Many of its policies to achieve this bave been slow to take effect, but they are now coming througb very strongly indeed. The nationalised industries and the local anthorities are at last spending less, public sector pay is rising more slowly than private sector pay, lower interest rates are reducing the cost of financing the national debt, and it is generally recognised that these influences might well combine to produce an undershoot of Government borrowing of £2bn in fiscal 1982-83.

That would permit tax cuts of £3bn if Sir Geoffrey Howe expects economic growth in 1983 to produce some booyancy in tax revenues. He should therefore be able to cut taxes by something like 1 per cent off the national product and at the same time reduce borrowing in line with the Medium-Term Financial Strategy.

If Sir Geoffrey is cautious about the growth in tax revenues and gives priority to reducing borrowing further, he might not feel free to cut taxes by as much as this. There are inevitably great uncertainties in the estimation of future Government revenues and expenditures and the key decision for the Chancellor will be whether to hedge against the possibility that borrowing might prove unexpectedly high. In 1981-82 he erred on the side of caution and over-estimated the borrowing requirement, with the result that he under-estimated the scope for tax cuts by some £2bn. He has apparently repeated this error in 1982-83 as borrowing is again likely to be well below the amounts expected in March.

This budgetary cantion bas allowed shock expenditures like the Falklands war to be financed with ease, but it would be strange if, with unemployment approaching 3¼m (according to the former series) he continues to budget so cautiously. His colleagues will surely seek to persuade him to risk cutting taxes a little too much on this occasion rather than accept the possibility that taxes might actually be cut a good deal less than the Medium Term Financial Strategy requires.

The recent failure of Opec to agree on production quotas means that the oil price and therefore the Government's oil revenues are now quite vulnerable. If the oil price falls before the Budget, some of the potential for tax cuts will of necessity take the form of a lower oil price and therefore lower oil taxation. But this will stimulate the economy in the same way as alternative tax cuts which fall partly on the consumer and partly on industry's costs.

It may be hoped that a combination of an increase in the real money supply of 4 or 5 per cent, which will please monetarists, and tax cuts of 1 per cent of the national product, which will please Keynesians, will set off the economic revival that has been awaited so impatiently.

There may, moreover, be good news during 1983 from the expansion of small businesses. The Government has been encouraging the growth of new businesses through lower marginal personal taxation, enterprise zones etc for 3½ years. The number of company starts is exceeding bankruptcies even in the depths of recession. At some point this will begin to have a measured impact on output and employment and when this starts to come through the conventional forecasts which ignore supply-side effects that develop over long periods will be caught off-balance. These favourable effects could begin during 1983, but their timing is in no way predictable. The good news could emerge at any time.

What might go wrong with the relatively optimistic view of 1983 which would follow if the favourable factors that have been outlined were the only ones that mattered?

The first worry is the weakness of the world economy. The U.S. recovery is expected in the summer of 1983 at the earliest, and with Japanese and German output slack, the French forced to curtail their Keynesian experiment, and the Italians desperate to control their deficit, recovery will depend almost entirely on the U.S. British employment now depends far more than it used to on the world economy. EEC entry has boosted Britain's exports of producer goods, but it has raised imports of consumer goods still more. This means that if the overseas markets for our electrical machinery and chemicals are weak, employment will not be especially assisted by boosts to domestic consumption which go increasingly to imports.

A growing real money supply and tax cuts may therefore help British producers less than they assist foreign sales in Britain. This reservation does not apply to building and construction which is entirely domestic. If the demand for British manufactures is now dominated by foreign markets, a boost to construction may have become the principal way in which British governments can raise employment in the short term.

The second reservation about 1983 is that it may be optimistic to suppose that an increase in the real money supply will much reduce British interest rates in a pre-election year.

Will it really be possible for Mrs Thatcher to borrow long at 8 per cent, which is what interest rates should fall to with inflation at 5 per cent, if there is some possibility that this interest will actually have to be paid with money printed by Mr Foot?

With his proposed £30bn boost to public expenditure, accompanied by the prospect of a large devaluation, or else a collapse of sterling and no incomes policy (of the kind which made it possible to reduce inflation from 30 to 10 per cent in 1975-79) Britain's expected inflation rate would soar in any period in which a Labour victory appeared possible. Portfolio holders would then switch out of British bonds so that interest rates would rise, whatever the behaviour of the real money supply. Growth in this would then reduce the value of sterling instead of raising British stock exchange prices, and very possibly persuade the Government to raise short-term interest rates to protect the exchange rate yet again.

It must be kept in mind that the exchange rate of sterling does not depend solely on developments in Britain. A flight from sterling, as a result of political risks which would tend to depress the pound (or else raise the short-term interest rates needed to sustain it) is one possibility, but happily there are others. The ideal conditions for Britain in 1983 would be a fall in the dollar which would cheapen our raw materials and a rise in the D-Mark which would make our exports more competitive. These developments are by no means unlikely.

The U.S. current account is chronically weak while monetary growth is accelerating, so the dollar could fall sharply at any time. In Germany the new CDU-dominated coalition is tightening the budget which could easily produce the familiar exchange rate appreciation that conservative financial policies always produce at first. British industrialists desperately wish to increase our competitiveness in relation to the EEC economies, while they see little need for a further fall in the pound in relation to the dollar. That may be precisely what they get in 1983.

Walter Eltis is a Fellow of Exeter College, Oxford.

UK REAL MONEY SUPPLY

(Percentage changes)

	M1	£M3	PSL2
1979 II to 1980 II	−14.0	− 5.0	− 8.4
1980 II to 1981 II	− 1.3	+ 4.4	+ 1.8
1981 II to 1982 II	− 2.1	+ 2.3	− 0.2
1982 May to November	+ 7.0	+ 4.9	+ 2.9

The increase in the series for M1, £M3 and PSL2 (private sector liquidity) deflated by the rise in retail prices.

The need for new initiatives to oil the growth mechanism

THE WORLD ECONOMY

By Jan Tumlir

TWO LARGE question-marks obstruct the view as we peer into 1983. Can an international financial crisis be avoided? Will inflation reaccelerate? Clearly, the two questions are not unrelated.

In industrial countries, economists see technical factors falling into place that, in normal conditions, would make for an upswing. Inventories are low, the financial balance of households has improved as consumer debt has been drawn down and residential construction is showing signs of an upturn.

Additional positive factors may be arising from the very duration of the recession. In households as well as companies, increasingly the replacement of and improvement in the stock of durable equipment can no longer be postponed. New lines of activity, profitable even in generally depressed conditions, are being perceived and plans for them finalised. These factors appear particularly promising in the U.S., but even there they will have to contend with considerable depressive forces. The room for expansion is very limited.

Last summer's shift in monetary management created, as major policy changes invariably do, additional uncertainty in a business world accustomed to watch money supply data. The more rapid monetary growth can still be interpreted as compatible with e continuing decline in inflation. (As inflation declines, the demand for cash balances increases.) It can also be interpreted, however, as a sign of alarm in central banks at the speed with which inflation declined and at the magnitude of the financial problems the decline has revealed.

To hold inflation at its present level for a year or so before pushing it lower still might seem a good idea, but it implies e return to fine tuning with its well-known risks. Some contemplated investments might well be postponed until a more reliable judgment as to future price level behaviour could be formed. The recent weakness of the dollar and the pound has increased the danger that inflation and interest rates could rise again in the wake of an acceleration of production without a marked upturn in industrial investment. Any increase in investment will be difficult to contain within the margin of available saving, a large part of which is claimed by public budget deficits.

In the U.S. next year, Government borrowing (including off-budget transactions) is expected to exceed consumer saving by some 10-15 per cent. An upturn of inflation would be likely to send interest rates rising ahead of the price level. The rise in both inflation and investment would thus be arrested again, but at the cost of large and protracted disarray in all capital markets.

As to the international financial problem, we simply have to assume that it will be prevented from breaking out into an open crisis. For the assumption to hold, some demanding policy conditions will have to be met. Even so, the financial situation will influence real economic developments, mainly by depressing the import-demand of the non-oil developing countries. In addition, imports into the oil-exporting countries have been growing at sharply declining rates in the last few years and in 1983 will show only a small increase, if any. It may be noted that the U.S. ships some 40 per cent of its exports to these two destinations, a much higher proportion than either Japan or Europe.

This shortfall in import demand could, in principle, be offset by an increase in trade among the industrial countries, though here, too, the trading opportunities have narrowed in recent years. Japan in particular—a large importer from developing countries—is hemmed in by restrictions and unlikely to achieve a large export increase next year. One would have to assume, in addition, that the U.S. would take no new measures to counteract the likely deterioration of its current account.

Even more important, the mechanism by which growth impulses used to be transmitted from country to country is now seriously deranged. In the past, a cyclical upswing in one or more industrial countries led, first of all, to an improvement in the terms of trade of raw material exporting countries. The consequent increase in their import demand stimulated international trade further, which in turn elicited more investment. In the long period of sustained growth from the late 1940s to the early 1970s, when world production was increasing by roughly 5 per cent and world trade by roughly 8 per cent per annum in volume, between one-quarter and one-third of aggregate investment was related to production for export.

In the present circumstances, this mechanism is unlikely to amplify such recovery as can occur in the U.S. and perhaps a few other countries. A terms-of-trade improvement of (non-oil) raw material exporters would certainly facilitate their debt-service problem; by the same token, however, it could not stimulate their domestic economic activity and import demand. In addition, import policies of the main industrial countries are unsettled and the uncertainty weighs heavily on potential investment projects whose profitability depends on access to foreign markets or supplies. It is difficult to see by what measures "purely domestic" investments could be made to expand sufficiently to offset this effect, not only in an individual country but in the world economy at large.

A general revival of economic activity thus appears improbable. Such improvements as may occur in individual countries are likely to be diluted by a continuing stagnation, or offset by continuing declines, in others. In world production and trade, "more of the same" seems a realistic expectation for 1983. Perhaps an optimistic one, if it is recalled that it assumes, as a necessary condition, that the financial problem will remain under control.

The full magnitude of the problem is now known. The efforts to control it have so far consisted of a hectic improvisation of emergency credits. In this way, we buy time at the cost of increasing the problem. The time bought must now be used for devising a long-term plan of financial and economic redress that both creditors and debtors can consider realistic. Only such e common perspective can secure the co-operation of the large number of independent agents on which consolidation depends.

It is not realistic, for example, to believe that the problem was created by the high interest rates, long recession and falling commodity prices since 1980. These changes merely terminated e clearly unsustainable development, namely, the pronounced acceleration of international lending after 1973, concurrent with a progressive narrowing of trade opportunities. The unusually high proportion of international capital flows absorbed by the non-oil developing and centrally planned economies, and the growing use of subsidies and trade restrictions by the industrial countries, reflected the unwillingness or inability of the latter to allow e structural adjustment of their economies.

Even if economic activity quickened next year, the financial problem, though somewhat easier to handle, would be far from solved. Analysis suggests also, however, that a resumption of sustainable growth rates is unlikely as long as the industrial countries maintain the policies which give rise to the problem.

The long-term plan must, therefore, provide for national policy reforms on both sides. The policy changes on which the IMF makes conditional its emergency credits to debtor countries are designed not just to increase their payments capacity. Their purpose is to improve the general performance of these economies so that financial stringency does not unduly depress their growth. This, however, is attainable only if corresponding changes occur in the economic policies of the creditor countries. As long as the latter are bent on "reconquest of their domestic markets," and preoccupied with "intolerable" bilateral deficits in their mutual trade, no conceivable restructuring can make international debt serviceable.

Governments of creditor countries still find it difficult to acknowledge this condition and to accept the twofold policy change which the necessary adjustment will demand on their side. An adequate structural adjustment of the Western economies will imply massive new investment. If it is to be financed without inflation, tax and public expenditure policies will have to be reformed so as to raise the aggregate saving ratio of these economies.

More important still, the adjustment will also require creativity and careful calculation, and to make them possible, the numerous measures distorting resource allocation and constraining entrepreneurial initiative will have to be eliminated. Necessary though they are, these changes will be very difficult to accomplish. Indeed, political opposition to them appears to be growing. One is reminded of the irresistible force meeting an immovable object.

Jan Tumlir is Director of Economic Research and Analysis, Gatt Secretariat, Geneva. The article presents the personal views of the author.

A CONSENSUS OF FORECASTS

An average of the main forecasting bodies

All figures are % changes on average for previous year, unless otherwise stated

	Real gross domestic product		Growth in industrial production		Unemployment rate (% of total labour force)		Balance of payments (current prices in $bn)		Exchange rate v $ (end of year)		Inflation	
	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983
OECD	− 0.2	1.9	− 3.0	2.7	9.0	9.5	− 4.0	−12.8			7.5	6.6
EEC	0.4	1.3	− 0.8	1.4	9.5	9.9	−14.2	−10.9			10.2	8.4
U.S.	− 1.5	2.3	− 8.0	1.4	9.6	10.6	+ 2.5	−16.6			6.3	5.6
UK	0.4	1.7	0.5	2.1	12.4	13.0	+ 5.5	− 0.3	1.61	1.64	8.6	6.4
Japan	2.5	3.3	1.3	3.5	2.3	2.4	+ 8.0	+11.5	245	222	3.2	3.5
West Germany	− 0.7	1.0	− 1.7	0.5	6.6	8.3	+ 1.6	+ 3.5	2.45	2.26	5.1	4.1
France	1.3	1.1	− 0.6	1.3	8.5	8.9	−11.1	− 9.3	6.95	7.14	11.8	10.2
Italy	0.9	1.6	− 0.6	3.3	10.3	10.7	− 7.9	− 6.7	1,414	1,442	16.4	15.8
Australia	1.6	2.2	− 0.5	1.7	6.5	6.5	− 7.6	− 6.8	1.04	1.06	11.1	11.3

Notes: OECD and EEC sources used: EEC, Wharton, Henley, London Business School, NIESR, Phillips & Drew, Simon and Coates. Additional national material: UK: Treasury, CBI; U.S.: Mellon; Japan: Bank of Tokyo; Germany: IFO, Government Council of Economic Advisers. Exchange Rate forecasts were based on average of 20 forecasts completed by Euromoney Currency Report.

FINANCIAL TIMES

Tuesday January 4 1983

BRITAIN SET TO PROTECT 12-MILE COASTAL LIMIT

Gales foil Danish fish challenge

BY HILARY BARNES IN COPENHAGEN AND MARK MEREDITH IN EDINBURGH

BAD WEATHER, with force 10 gales in the North Sea, yesterday forced Danish fishermen to postpone their planned challenge to new EEC fishing regulations and possible confrontation with Britain's Royal Navy.

A aumber of vessels left Danish ports but none was found fishing anywhere inside Britain's new 12-mile coastal zone off Scotland, the Shetlands or Northeast England.

Mr Kent Kirk, chairman of the Esbjerg Fishermen's Associatioa and a conservative member of the European Parliament, says he probably will fish within 12 miles of Britain.

However, the bad weather forced him to put back his trip to British waters, probably off Newcastle in Northeast England to catch sprats and brisling. He expects to set off in his 140 toa trawler, "Sand Kirk," this morning with a aumber of reporters aboard. The trip should take 40 hours in reasonable weather, so that any confrontation with British fishery protection vessels will not take place until Thursday at the earliest.

Mr Kirk's basic contention is that with the expiry of the 10-year transitional restrictions on December 31, Danish vessels can fish anywhere in EEC waters, including right up to British beaches.

Denmark refused to accept a new commoa fisheries policy (CFP) agreed by the other nine members of the EEC.

Put in its simplest terms, the new policy is based oa two elements: guaranteed quotas of catches for each member country, and exclusive access – with some exceptions – for countries up to 12 miles around their coasts.

Denmark wanted to be able to catch more mackerel and also wanted access to the so-called "Shetland box," an area of British water off the Scottish Shetland Islands. This was unacceptable to Britain.

If Denmark had accepted the new regime it would have been permitted to catch 23 per ceat of the total allowable catches, second only to Britain with 36 per cent.

Denmark's refusal to conform to the agreement means the other nine countries have effectively imposed a regime oa it by passing their own national laws concerning protection.

Mr Kirk claims this is illegal. His argument is that under the Treaty of Rome any common policy must unanimously be agreed. He wants to test this first in a British court and ultimately in the European Court of Justice.

Britain has made clear its intention to protect its grounds and arrest intruders. It has mobilised a flotilla of protection vessels. The UK Ministry of Agriculture and Fisheries has at its disposal 16 ships equipped with Bofors guns. These are based in Rosyth, Fife, and they work in conjunction with Nimrod aerial reconnaissance aircraft operating out of Kinloss in North Scotland. In addition, the Edinburgh-based Department of Agriculture of the Scottish office has five vessels of its own.

Under British law, if apprehended, trawler skippers risk a fine of £50,000 ($81,000) and confiscation of gear and catches.

The real confrontation between the UK and Denmark over fisheries may aot come to a head for many months, with the single exception of Mr Kirk who seems determined to be arrested.

A fully-fledged conflict will arise if the Danish Government awards catch quotas to the Danish fleet which the British Government cannot accept. Everyone hopes that the Danes will not do this before a negotiated solution to the Common Fisheries problem has been achieved.

Brake on BL plan to order overseas

By Our Industrial Staff in London

THE BRITISH Government, concerned about the consequences for the troubled motor components industry of plans by BL, the car maker, to switch orders overseas, has asked Austin Rover to delay the placing of important contracts.

BL's new corporate plan, now under consideration by the Department of Industry, is thought to indicate thet Austin Rover – the volume cars division – will increase components supplies from overseas from less than 20 per cent to about 30 per cent by the end of this year.

The proportion of imports is expected to climb further in subsequent years and on some projections could approach 50 per cent within four years.

The components section of the Society of Motor Manufacturers and Traders, still unaware of the BL plan, has advised ministers and civil servants that any significant move by BL to source supplies overseas will lead companies to pull out of particular products and close factories.

Suppliers warn that further retraction will mean cutting into the "core" business, and that strategic parts of the industry are at risk to foreign competition.

The issue is highlighted at Dunlop, the dominant supplier of car wheels to BL, Vauxhall and Talbot in the UK. Ford makes its own wheels. Austin Rover has told the Dunlop engineering group it must at least hold prices to remain competitive.

Dunlop maintains that to meet international prices, particularly from West Germany and the Far East, it must commit substantial investment to new processes and automation. But it is prepared to invest the necessary £5m only if a substantial contribution is forthcoming from the Government as selective assistance under the Industry Act. Without such aid the viability of the Coventry factory with its 650-strong labour force is at risk.

BL's purchasing policy clearly raises important political issues. Austin Rover, adhering to the Government's objective of making the state-owned company independent of public funds, is pledged to achieve break-even at the trading level by the end of the financial year.

But the Treasury, in its response to the latest corporate plan, is thought to have drawn attention to a policy contradiction: one of the main reasons for pumping government money into BL was to provide a home base for the important motor components industry with its technological advantage and export earnings capacity.

The government request for a delay on the award of major contracts until this year went out two months ago. The Department of Industry is likely to have warned the large compenents companies that Austin Rover is serious in its intent at least to hold prices and that decisive action is necessary by the UK industry to remain competitive.

THE LEX COLUMN

Threatening skies over the City

Drafting a road map for the financial markets in 1983 is an uncomfortable exercise in *déjà vu*. Once again, the UK economy is expected to show real growth, albeit modest and concentrated in the second half of the year, while corporate profits look set to rise by 15 per cent or more overall on the back of a gradual recovery in output.

Election

It is not just the disappointment of similar expectations in the recent past that make crystal-ball gazing an exceptionally hazardous occupation in 1983. The ball is greatly clouded by the present threat to the international banking system by the fragility of the oil price and, more parochially, by the likelihood of a UK election at some point in 1983. Taken together, these uncertainties may give sterling a far bumpier passage than it enjoyed during all but the closing months of last year.

It looks unlikely, however, that interest rates will move as dramatically as they did in 1982. Monetary authorities on both sides of the Atlantic appear committed for the time being to the more expansionary direction taken last summer, with the task of provoking a long-delayed recovery in the business cycle, now the overwhelming priority.

In the U.S., inflationary expectations are being contained around the 5 per cent level for 1983, forcing attention on the highest unemployment rate for 40 years, utilisation of manufacturing capacity running at under 70 per cent and diminishing prospects for GNP growth.

Similarly, in the UK, there is a general consensus that inflation will trough at 5 per cent during the second quarter and will thereafter move gently upwards. This would certainly suggest that short-term interest rates on both sides of the Atlantic may have further to fall in the early months of 1983 and that the gilt-edged market could recover during that period to a level approaching its November peak.

A yield base in the area of 10 or 11 per cent could prove vulnerable in the year, however. Quite apart from the unsettling effect which a narrowing of the present wide gap in the opinion polls might have on sterling and foreign holders of gilt-edged, there could easily be an acceleration in the momentum of official funding.

Assuming a modestly expansionary budget in the spring, the PSBR can be expected to show some increase in the next financial year, while the authorities may again be tempted to overfund the deficit in order to counteract the continued buoyancy of bank lending to the private sector. With National Savings meeting stiff competition, from the building societies in particular, life and pension funds may be required to step up their gilt-edged purchases.

The equity market is, in any event, unlikely to receive again the stimulus from gilt-edged which helped to propel it to record levels last year. The impact of sterling on export competitiveness and the translation of overseas earnings, together with the influence of coasumer spending on output, may prove more material factors.

To date, the strong recovery in consumer demand has been met principally through a further round of de-stocking and a rise in import penetration. While the savings ratio, already at a low level, may not have much further to fall, the spring budget should help to sustain consumer spending well into the current year.

Little support can be expected from overall growth in world trade volume this year so, in order to underpin equity ratings at their present high historic levels, the market is hoping that consumer demand will broaden, away from white goods and VTRs, which have a heavy import content, and that margins will be improved by a continued containment of input costs as well as by further gains in productivity.

The recent weakening of sterling has met little official resistance and – so long as the pound does not create significant inflationary pressures through a steep fall against the dollar in particular – the authorities will probably continue to take a relaxed view. A further downward adjustment of sterling's trade-weighted parity would be of rapid benefit to industrial profit margins.

Exchange rate

The exchange-rate risk is very considerable, however. The surplus on the current account of the UK's balance of payments looks set to evaporate this year, institutions will presumably be investing abroad as a hedge against a Labour victory at the polls and foreign confidence in the currency is almost certain to be shaken as election day approaches.

So there must be at least an outside chance that the authorities will be obliged to step heavily on the monetary brakes later in the year in order to stem a run on sterling. As the humble stock market rating afforded to several of the more cyclical industrial sectors still indicates, the risk of substantial corporate failures in that event is by no means remote.

The best that can be hoped for is that 1983 will produce a second leg to the bull markets in both equities and gilt-edged, supported by a gradual recovery in the domestic economy, a slightly more expansionary fiscal stance and an extension of the present approach to monetary policy. Such optimism does, however, appear very vulnerable.

Treasury firm on Whitehall pay limit

By Philip Bassett in London

THE UK Government has told Civil Service union leaders thet there is room for flexibility within its 3.5 per cent cash limit pay assumption for wage rises for Britain's 530,000 white-collar civil servants.

In a Treasury letter to the unions, which forms the opening shot of the 1983 pay negotiations, the Government says: "The outcome for 1983-84 will depend on many factors, including the aumber of staff which we find we need to employ in that year, the improvements we make in general efficiency, and so on."

In the first explanation of the 3.5 per cent figure since it was announced in October, the Treasury stresses that it is not a norm, nor an incomes policy, nor an entitlement. It says that the figure does not indicate "the size of the pay increase which the Government judges to be right for individual employees in the coming year"

While carefully avoiding specific statements, the letter makes important points in three key areas:

● **Wages:** Impressing on the unions that inflatioa is coming down, the Treasury notes that "many pay settlements in this round are being concluded at below last year's levels."

The Treasury believes that one of the reasons for inflatioa coming down is lower deals, but that much of the sharp deterioratioa in Britain's internatioaal competitiveness is a result of "excessive wage settlements." Since the Governmeat took office, the Treasury says that "the whole of the current loss in cost competitiveness of around 20 per cent directly reflects the fact that our wage costs have been rising faster than those of our competitors. The result has beea a smaller share of markets both at home and abroad and the loss of 1½m jobs."

● **Arbitration:** The Treasury says it is "too soon" to say whether arbitration will be available if there is a disagreement over Civil Service pay

● **Parliament:** While it nominally takes the same line over whether Parliament, as last year, will be able to overturn any pay award, it also clearly lays out that "the right of Parliament to have the last word on the spending of public money is fundamental to our constitution and our democracy."

Unioa leaders will discuss the letter this morning. However, Mr William McCall, chairman of the Council of Civil Service Union's major policy committee, has, with other general secretaries, drafted a reply.

This rejects the Treasury's "over-simplistic attribution of all the economic ills of the country to levels of pay," and on more specific areas also rejects completely "the implication in your letter thet pay in the Civil Service must be kept down to levels which are well below those obtaining in commerce and industry."

Geographical split underlines political divide on UK jobless

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE SPLIT between areas of high and low unemployment in Britain is almost exactly matched by the political breakdown between Conservatives and Labour.

Ninety-five of the 100 parliamentary constituencies with the highest unemployment are Labour held, while all but two of the bottom 100 are Conservatives. There is a close statistical match throughout the range.

The results are highly significant for the impact of the sharp rise in unemployment oa politics, underlining the growing division of the UK. They provide one explanation for the relative lack of internal Tory pressure on the issue.

Figures are drawn from the 1981 census of population which allows a constituency-by-constituency analysis. This is unlike the monthly Department of Employment figures which are for generally larger, travel-to-work areas. The ranking of constituencies by unemployment – though not the party breakdown – is in a House of Commons Library research note.

The relative rankings may have changed since the census, but the broad conclusions are probably still valid, that:

● Whether as cause or effect, the growing polarisation of Labour and Tories between North and South matches the pattern of unemployment. Only eight of the 100 constituencies with highest unemployment are in southern England, and all are in the south-east. Unlike previous recessions, there are fewer Tory MPs with direct constituency experience of high unemployment.

● There is a correlation between very high unemployment and the size of the Labour vote. The 10 seats with most unemployment had Labour votes averaging 60 per cent of the total in the 1979 election, compared with 37.8 per cent nationally.

● The nationalist parties are likely to represent high unemployment seats, and most Liberals are in below average oaes.

● The Social Democratic Party (SDP) defectors, especially those from the north-east and Merseyside, are like labour MPs, heavily concentrated in high unemployment areas.

● The Tory MPs with the highest unemployment, notably those from the north-west and the Midlands, have been vocal on the issue. But there is no close match between moderates, militants and unemployment. Some of the leading critics of the present economic strategy have the lowest unemployment.

● Tory MPs with the highest unemployment are not all in seats previously regarded as marginal.

Unemployment and the Parties

Ranking of constituencies by unemployment*	Per cent rate †	Labour	Tory	Other
Top 100	43.5 to 17.7	95 (11)	3	2
101 to 200	17.7 to 13.8	71 (6)	26 (1)	3
201 to 300	13.8 to 11.4	63 (7)	36 (2)	1
301 to 400	11.4 to 9.3	26 (1)	69 (1)	5
401 to 500	9.2 to 7.2	13 (3)	85 (1)	2
501 to 600	7.2 to 5.2	1	97	2
601 to 623	5.1 to 4.0	0	23	0

* Party divisions for 1979 election; figures in parentheses show seats which have subsequently changed hands, almost all to SDP.
† Unemployed men as per cent of economically active population based on April 1981 census, Great Britain (excluding Northern Ireland)

Lloyd's probes possible fraud

BY MARY ANN SIEGHART IN LONDON

LLOYD's, the London insurance market, has set up a steering committee to examine claims of a possible fraud involving extended warranties.

These warranties are bought by shoppers to extend the life of their 12-month guarantees oa goods such as washing machines and refrigerators.

"There is a possibility that more extended warranties have been issued than insurance cover exists," Mr David Larner, of Lloyd's, said. "There is a firm which sells guarantee schemes to outlets and that firm has been insuring itself with underwriters at Lloyd's."

"Premiums have been coming into the underwriters which are possibly more than had been agreed," he said. "That means that more business would have been done than the premiums justified."

It is not clear who would lose if the underwriters' suspicions turn out to be true, but Mr Larner emphasised that the shopper would be protected. "All valid claims arising out of this will be paid," he said.

The steering committee will include underwriters, bankers, and possibly other professional people from outside the market. It is likely to report on its findings towards the end of the moath.

Romanian debt repayments to be suspended

By Stewart Fleming in Frankfurt

ROMANIA has informed Western banks that it is suspending principal repayments on its debt due in 1983 pending an agreement with its bankers over a rescheduling of obligations.

This was confirmed yesterday by banking sources in Frankfurt, where the clear statement of Romania's intention to enter into negotiations was welcomed. Bankers are expecting that interest payments will be maintained.

Last month, Romania signed an agreement with Western bank creditors which provided for the rescheduling of 80 per cent of its 1981/82 outstanding debt of nearly $2bn.

Howe's plans still tight

Continued from Page 1

tion on the impact of public spending. This has risen to 45 per cent of national output this year, so one's scope for giving any significant help on either side depends on continuous success on thet front."

Although the Chancellor has yet to make his budget judgment, he indicated that his November statement which suggested that about £1bn ($1.62bn) would be available for tax cuts if public borrowing were held at £8bn "offered an insight" into the Treasury's views about the room for an adjustment of fiscal stance.

He added though: "It is much too early yet to know what the position will be when the time comes for the budget – whether there will turn out to be scope for adjustment or not."

How, then, did Sir Geoffrey react to the gloomy tone of the most recent Bank of England Quarterly Bulletin and of the December forecast for the world economy from the Organisation for Economic Co-operation and Development?

Both underlined the fragility of prospects for economic recovery and the danger that recession would feed upon itself as a result of a wasting of business and financial confidence. The OECD in addition dropped some strong but veiled hints that governments may need to help break the downward spiral through more expansionary policies.

Sir Geoffrey cautioned against taking too gloomy a view: "Obviously we are going through a long and difficult transition within the world as well as in Europe and the UK, but the particular problems – arising, for example, in relation to sovereign risks affecting the banking system – are being handled with a sustained concentration, case by case."

There was now a general sense of urgency among finance ministers about the need to strengthen the resources available to the international financial institutions.

"Beyond that, very considerable success is being achieved in the battle against inflation worldwide and in this country and similarly in securing lower levels of interest rates." This headway enabled the forecasters to expect some growth in world trade in 1983 after a contraction in 1982.

"I am certainly not offering the prospect of immense good cheer, but I would seek to counter the persistence of gloom that we are going through in these troubled times. We are going in the right direction and I think there are some signs for believing that is so."

Sir Geoffrey emphasised his view that the present "pains of transition" reflected the efforts of many governments to correct a tendency to push public borrowing "in the wrong direction, which is upwards."

Success in reducing inflation and lowering interest rates, on the other hand, had already contributed to a marked revival of domestic demand in the UK. Real demand is estimated to have increased by 3 per cent in 1982, he said, with the prospect of similar growth in the current year.

"From our point of view the important thing is that we should win our share of that increased demand for production of UK goods and services."

To achieve this further improvements in competitiveness would be needed, and the reduction of the level of wage settlements was a crucial element in this. Sir Geoffrey said pay settlements needed to come down "faster than many people believe to be possible." Yet there was evidence that a continuous reduction in pay bargainers' expectations was taking place.

The Treasury's assumption in its autumn forecast that earnings would grow by 6½ per cent this year was now accepted by many people

Improved competitiveness through moderate wage settlements and increased productivity remained the Chancellor's principal hope for increasing the UK's share of world markets and reducing unemployment.

The Chancellor said: "I find it very noticeable that discussions we have had in the National Economic Development Council, with the chairmen of particular sector working parties have focussed attention very clearly on areas where we have lost market shares in the UK.

"The motor industry is a good example: UK demand for motor vehicles rose 10 per cent this November compared with last November, but the UK industry's market share was reduced by 1 percentage point."

Sir Geoffrey said detailed discussions had identified shortcomings of performance in particular industries with insufficient attention being paid to markets, marketing and the need to pursue customers within the UK.

"I think one is getting a growing feeling within industry now that it is possible by better performance and by greater consciousness of our interdependence to improve our own share of our own markets."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	12	54	Biarritz	S	12	54	Malaga	S	13	55	Salzburg	R	3	37
Akrotiri	C	12	54	Faro	S	13	59	Malta	S	16	61	Seoul	[illegible]	5	41
Algiers	S	14	57	Florence	Fg	5	41	Manila	S	31	88	Singapore	C	31	88
Amsterdam	R	10	50	Frankfurt	R	5	41	Miami	F	22	72	Stockholm	F	-2	28
Athens	S	12	52	Funchal	—	—	—	Milan	S	3	37	Strasbourg	C	7	45
Bahrain	—	—	—	[illegible]	—	—	—	Moscow	S	-12	10	Sydney	C	22	72
Bangkok	S	34	93	Gibraltar	C	14	57	Munich	[illegible]	8	43	Taipei	S	21	70
[illegible]				[illegible]				Nairobi	—	—	—	Tangier	S	15	59
								Naples	S	11	52	Tehran	—	—	—
								New Delhi	S	15	[illegible]	Tel Aviv	[illegible]	11	52
								[illegible]				[illegible]		18	64
												[illegible]		10	50
												[illegible]		-4	25
												[illegible]		13	55
												[illegible]		12	54
												[illegible]		3	37
												[illegible]		3	37
												[illegible]		2	36
												[illegible]		4	39

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday January 4 1983

1983 OUTLOOK: INTERNATIONAL BONDS

Exchange rates may hold key

BY ALAN FRIEDMAN IN LONDON

THE INTERNATIONAL bond market enters 1983 with a legacy of triumph, resilience and innovation over the past 12 months.

Although it has been said often enough to have become a cliché, 1982 was unquestionably the year in which the Eurobond market came of age: international bond issue volume reached a staggering $71bn. This was not only a 51 per cent year-on-year increase, but rivalled the size of the international credit market ($82bn for 1982).

Eurodollar bond volume, at $39.1bn for 1982, not only jumped by 84 per cent over the previous year, but exceeded for the first time the volume of U.S. domestic corporate bond issues ($38.7bn).

The Euro D-Mark bond market and the Swiss franc foreign bond sector also had a successful 1982, the West Germans recovering their position as a major source of international capital, after being slowed by the weakness of the D-Mark in 1981.

In the D-Mark and Swiss franc sectors, coupons for such issues as Australia (6¾ per cent) and Philip Morris (5¾ per cent) fell to levels not seen for more than two years.

These statistics, however, tell only part of the story. The world's capital markets have undergone what commentators like to term a "sea-change" during the past 12 months, a fundamental change in both psychology and practice.

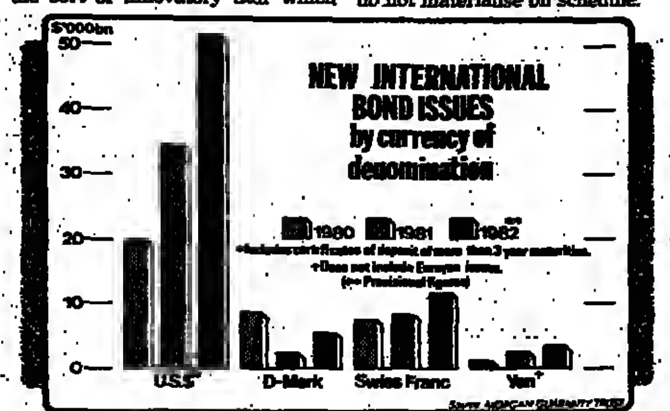
The U.S. Federal Reserve Board, wrestling with the combined problems of an international debt crisis and a recession-ridden American economy, has seemingly abandoned Mr Paul Volcker's monetarism and pushed interest rates lower.

Lending through international syndicated loans has contracted to such an extent that many sovereign borrowers are now examining the Eurobond market as an alternative source of capital in 1983.

Treasurers of U.S. corporations and utilities, who might a few years ago have needed tutoring on the esoterica of Belgian dentists and Libor, now view the Eurobond market as a clear alternative to fund raising in the domestic market. The giants of American business – Triple-A names ranging from AT&T to Coca Cola – have come to Europe and borrowed money through the bond market more cheaply than they could have done at home.

Canada raised $750m through a single bond issue, the largest ever in the market.

The Eurobond market, meanwhile, some 20 years after its inception, has become a more professional arena than before, yet it retains the sort of innovatory flair which has produced zero coupon bonds, warrants, and more.



What do all these developments mean for this year? It is a bold banker or analyst indeed who can look 12 months ahead. A year ago, at this time, Dr Henry Kaufman of Salomon Brothers said that the bond market rally was "75 per cent over" and he voiced concern about the size of the U.S. budget deficit.

Few bankers predicted a year ago either that Mexico would be forced to pay a record 18¼ per cent coupon on a $100m Eurodollar bond issue, or that a few months later, interest rates and yields would have declined sufficiently so that General Electric of the U.S. could offer a 10 per cent coupon on a $200m issue, with only 15 per cent payable and the balance due in July 1983.

Nonetheless, certain assumptions are being made by the stewards of the Eurobond market. The first is an expectation that the U.S. Federal Reserve Board will bring the discount rate below its present level of 8½ per cent during the opening months of this year. A drop of 100 to 150 basis points is being mooted.

This expectation should make for a healthy new issue calendar this month and possibly during February as well, yet there is always the danger in the Eurodollar bond sector that new issues will be priced in anticipation of falling rates which do not materialise on schedule.

The market's habit of discounting discount rate cuts may provide a bullish atmosphere, but it has also produced issues which can depend upon a dramatic upturn to achieve full placement.

The main pitfall for the Eurobond market this year could well be the weakness of the U.S. dollar against other major currencies. The unusual strength of the dollar during much of 1982 was a key factor in the size of new issue volume.

As the dollar weakens, there are already signs of non-dollar based investor resistance.

The state of exchange rates in 1983 – and several forecasters are discussing a weaker dollar – will be a vital factor in governing the new issue volume of the Eurodollar sector. Already the D-Mark, Swiss franc and Yen bond markets have been buoyed by the rise of these currencies against the dollar toward the end of 1982.

Another unavoidable factor will be the continuing flight into quality. In a world of financial uncertainty (likely to include some rather depressing bank results from the U.S. this month), investors are searching harder than ever for quality, even if this means sacrificing yield.

Finally, there is the position of U.S. corporate borrowers in the Eurobond market: they raised a record $12bn in 1982. The U.S. bond market has begun to show signs of greater flexibility through shelf registration practices. While this did not usurp the Eurobond market's lead in 1982, it does offer U.S. borrowers scope at home.

In addition, falling interest rates, combined with a weaker dollar, could make the U.S. market more attractive to some U.S. corporate borrowers. If all-in costs are cheaper and European investors are put off by a weak dollar, the U.S. corporate bond sector could rebound.

What does seem clear is that the bread-and-butter borrowers of the Eurobond market will be back in force during 1983. These are the supranational institutions, the Scandinavians, the French state agencies and the Canadians. Added to these borrowers could be a much greater number of Japanese companies, utilities and state agencies searching for capital.

If equity expectations remain optimistic, there is every reason for both Japanese and U.S. borrowers to step up convertible bond issues.

As for the secondary market in international bonds, which has just experienced one of its most profitable years ever, the outlook remains encouraging. Positive carry – the condition where the cost of financing overnight bond inventories is attractive compared to the interest earned on bonds held – exists, and a positive yield curve is always healthy for the market.

1983 OUTLOOK: CREDITS

Market faces further problems

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

IT WAS as recently as October 1981 that President Ronald Reagan told the annual meeting of the International Monetary Fund that the "magic of the marketplace" offered the best chances of solving the economic and financial problems of the developing world.

Since then, the succession of debt problems in Eastern Europe and Latin America has stripped the Eurocredit market of all its magic, leaving bankers at the start of 1983 as gloomy as they have ever been.

Last year, according to the provisional figures from Morgan Guaranty Trust, the volume of new Eurocredit lending dropped to $82.29bn from $133.35bn in 1981. Few predict any meaningful recovery in 1983.

No one, in any case, would expect the 1981 figures to be easily matched in the foreseeable future – they included an exceptional $42.1bn in credits to U.S. corporations designed to finance the wave of huge mergers that overtook Wall Street in that summer. But one reason why even the 1982 numbers will be hard to match in 1983 is purely statistical.

The figures include $7.95bn in new credits to Mexico that were arranged before its startling insolvency declaration of August 20. This total made Mexico the largest single borrower in the Eurocredit market last year. Its debt problems mean that it is now out of the market, at least for conventional syndicated loans.

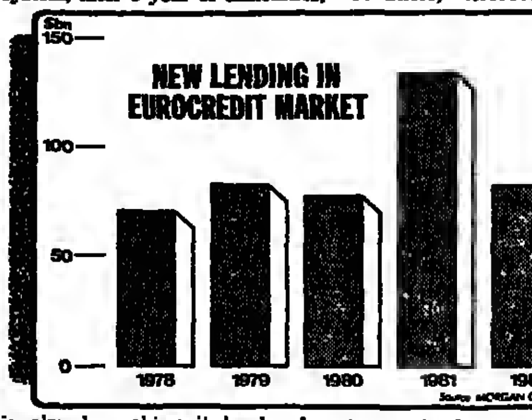
What has happened in Mexico's case, as with other large Latin American borrowers in difficulty, is that banks are having to lend under duress. To keep the borrowers on the right track and the banking system intact, requirements for new money in 1983 are being met with commitments forced out of the banks in proportion to their existing exposure.

This is hardly the stuff of which a dynamic market is made and it encapsulates a basic problem facing international banks as they ponder the prospects for 1983.

The problem is stark enough. Banks are now living in a world where there is generally much less freedom of choice in lending. It is harder than before to choose to whom they should lend, and how much.

This is not only because of the massive $36bn in oew money and refinancing that has already had to be committed to Mexico, Brazil and Argentina for 1983.

The fact that this money is tied up means that there is less money available for lending elsewhere. Lack of confidence in the banking system, after a year of difficulties, is already making it harder for banks to attract new capital to fund their growing loan books.



For some banks, too, interbank money, essential to the funding of Eurocredits, has become much harder to obtain. This acts as a further constraint on their willingness to participate in new operations.

All this implies a lean year ahead for borrowers in developing countries, even if they have not yet been directly affected by the plague of arrears and rescheduling that has been sweeping Latin America.

Last year noo-oil developing countries took $26.07bn in new Eurocredits, compared with $33.37bn in 1981, while the terms on which these loans were arranged began to harden markedly.

Even in the Far East, which has beeo ooe of the last bastions of buoyant lending, bankers are beginning to talk of an end to the era of low margins which has seen such countries as Malaysia and Indonesia raising 10-year money at a rate of only ⅜ per ceot above London Eurodollar rates.

Moreover, these countries are facing competitioo from a new quarter in the form of oil exporters, who are returning to the capital markets to offset shortfalls in oil revenues. Members of Opec (Organisation of Petroleum Exporting Countries) increased their borrowing in the Eurocredit market last year to $12.35bn from $11.87bn. To the extent that some of them have oow become rather rare names, banks are likely to rush to meet their demands in an attempt to diversify their overall loan books.

A more difficult questioo is what will happen to borrowers in the industrial world. Here banks have frequeotly predicted a rise in margins, only to see hopes dashed in the wake of intense competitioo for new business.

The industrial country borrowers still have the immense advantage of being "safe" risks in a dangerous world. Even after the Mexican crisis, some deals were still done at a low margin of ⅜ per cent, although France set a base margin of ½ per cent on its $4bn credit arranged in support of the franc last autumn.

A real test of the market should come quite sooo. After a very quiet fourth quarter of 1982, banks are expecting something of a rush of new loans from European countries as diverse as Denmark and Portugal.

How easily will this business be done? "I guess it's a matter of price," says one seasoned syndications manager. "Banks have tied up a lot of money in reschedulings and some have funding problems, so some increase io margins will have to come."

If this does finally happen, banks will begin to breathe more easily, as loan syndicatioo starts to recover some of the profitability lost in the slippage of margins over the past few years.

Higher profits on new business are badly needed, to allow banks to set aside more earnings in the form of provisions against their growing list of bad and doubtful debts. Yet this alone would go only part of the way towards pulling the Eurocredit market out of its current depression.

Also needed are further falls in interest rates and a recovery io the world ecooomy that would give some assurance that developing countries were able to contioue servicing their debts.

Although the worst of the problems io Mexico, Argentina and Brazil appears to be over, there are still a number of smaller reschedulings pending io such countries as Costa Rica, Bolivia, and Ecuador. There are also signs of strain in countries like Yugoslavia and the Philippines.

It will take a long time for the banking system to work its way out of these problems. Some bankers argue that it will be 1984 before they can be sure how great, if any, was the lasting damage inflicted by the shocks of 1982. Meanwhile, it is a question of hoping that this year will at least be better than the year just ended.

NOTICE OF REDEMPTION

To Holders of

Azienda Autonoma Delle Ferrovie Dello Stato

8¾% Sinking Fund Bonds Due 1986

Direct and Unconditional General Obligation of The Republic of Italy

NOTICE IS HEREBY GIVEN that pursuant to Sections 4 and 6 of the Fiscal Agency Agreement and Sections 5 and 6 of Exhibit A dated January 15, 1971 between Azienda Autonoma Delle Ferrovie Dello Stato, "Issuer" with the intervention of the Minister of the Treasury of the Republic of Italy and Chemical Bank, "Fiscal Agent", the bonds bearing the following serial numbers have been drawn for redemption on February 1, 1983 by operation of the Sinking Fund at the Redemption Price of 100% of the principal amount thereof, together with accrued interest to the date thereof, and that from and after such date fixed for redemption interest thereon will cease to accrue.

7	1308	2043	3005	4909	5874	6622	7214	8243	10079	10949	12252	13941	14630	15282	17057	18254	19174	20495	21475	22147	23510	24504
8	1309	2045	3007	4312	5875	6633	7218	8244	10080	10950	12253	13944	14631	15283	17058	18255	19178	20496	21521	22158	23514	24505
9	1316	2046	3009	4314	5891	6676	7217	8246	10096	11134	12304	13946	14632	15304	17059	18258	19187	20497	21527	22180	23518	24531
17	1321	2047	3010	4318	5892	6677	7221	8247	10097	11135	12308	13948	14672	15305	17060	18259	19188	20510	21529	22196	23545	24557
18	1323	2049	3011	4455	5774	6686	7230	8248	10101	11146	12350	14059	14673	15313	17066	18260	19214	20521	21543	22201	23546	24597
30	1324	2052	3012	4472	5860	6690	7232	8268	10102	11151	12384	14060	14682	15320	17070	18265	19216	20531	21548	22203	23550	24598
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33	1331	2054	3099	4520	5885	6713	7255	8286	10115	11156	12423	14076	14708	15324	17073	18268	19275	20541	21562	22209	23586	24604
35	1332	2104	3105	4521	5886	6714	7273	8288	10116	11160	12495	14077	14715	15325	17074	18289	19308	20542	21563	22210	23587	24609
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40	1340	2168	3118	4543	5902	6722	7281	8331	10120	11164	12497	14080	14724	15396	17115	18412	19336	20545	21571	22218	23620	24620
41	1341	2179	3119	4544	5903	6725	7282	8339	10132	11165	12542	14083	14732	15397	17116	18413	19344	20571	21572	22222	23621	24621
42	1344	2332	3122	4545	5904	6731	7285	8341	10133	11444	12538	14114	14746	15401	17294	18414	19381	20580	21578	22224	23647	24662
46	1356	2333	3124	4546	5913	6734	7311	8342	10140	11446	12580	14115	14747	15405	17295	18459	19400	20582	21580	22225	23650	24664
47	1357	2382	3125	4547	5914	6777	7312	8361	10142	11447	12625	14147	14748	15412	17305	18460	19405	20585	21587	22233	23652	24665
82	1358	2383	3205	4550	5915	6786	7324	8385	10143	11448	12638	14155	14760	15413	17310	18462	19410	20586	21588	22236	23653	24680
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103	1364	2428	3225	4552	6027	6789	7330	8765	10216	11463	12640	14158	14763	15421	17323	18465	19422	20593	21671	22240	23656	24683
104	1365	2437	3226	4584	6028	6790	7394	8766	10218	11464	12933	14159	14764	15423	17324	18557	19423	20594	21672	22299	23662	24685
106	1368	2438	3369	4586	6090	6814	7399	8770	10221	11475	12953	14180	14765	15424	17325	18558	19569	20599	21674	22369	23665	24698
107	1369	2469	3380	4601	6091	6816	7400	8876	10222	11476	12965	14181	14817	15425	17326	18563	19570	20600	21680	22370	23668	24699
108	1374	2476	3373	4602	6099	6820	7402	8877	10224	11484	12966	14186	14823	15428	17327	18580	19580	20616	21681	22375	23669	24700
110	1378	2554	3516	4956	6100	6821	7403	8878	10225	11498	12978	14187	14828	15439	17438	18581	19581	20624	21685	22394	23670	24705
111	1379	2555	3517	5016	6193	6826	7407	8879	10226	11500	12979	14206	14829	15440	17440	18582	19587	20628	21688	22398	23674	24706
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153	1384	2587	3522	5025	6241	6849	7409	9061	10228	11502	12997	14214	14831	15446	17446	18605	19906	20639	21698	22420	23677	24708
154	1386	2588	3523	5026	6242	6860	7420	9205	10334	11507	13013	14227	14903	15476	17447	18610	19910	20647	21703	22422	23678	24709
160	1388	2732	3525	5032	6243	6856	7421	9206	10339	11508	13014	14228	14986	15480	17450	18612	19919	20648	21706	22447	23682	24721
162	1390	2765	3835	5033	6244	6859	7422	9207	10343	11509	13068	14229	14987	15481	17452	18616	19920	20649	21707	22404	23706	24723
163	1391	2790	3836	5034	6251	6860	7423	9325	10345	11510	13089	14230	14988	15485	17453	18614	20077	20661	21710	22407	23707	24724
165	1392	2791	3838	5122	6254	6866	7430	9327	10346	11512	13101	14231	15006	15493	17454	18647	20096	20662	21711	22414	23706	24734
166	1393	2792	3884	5123	6257	6868	7461	9336	10424	11513	13106	14232	15010	15494	17455	18648	20102	20668	21715	22415	23709	24736
167	1394	2795	3885	5130	6260	6870	7482	9337	10426	11514	13108	14234	15011	15495	17462	18699	30103	20672	21717	22429	23710	24739
171	1395	2797	3886	5140	6261	6871	7495	9339	10427	11533	13109	14235	15016	15496	17464	18700	20104	20676	21719	22431	23764	24740
174	1399	2798	3887	5141	6271	6873	7497	9354	10482	11534	13217	14245	15020	15497	17470	18706	20161	20680	21725	22446	23801	24742
265	1400	2799	3889	5157	6274	6874	7505	9355	10485	11535	13467	14248	15023	15498	17472	18707	20162	20681	21728	22451	23802	24744
306	1402	2800	3976	5173	6275	6876	7506	9356	10511	11544	13468	14266	15034	15558	17473	18708	20167	20690	21730	22462	23815	24745
307	1403	2812	3978	5183	6278	6880	7510	9357	10516	11565	13490	14267	15035	15574	17481	18730	20169	20691	21733	22472	23816	24764
308	1410	2813	3979	5194	6376	6882	7511	9359	10514	11567	13526	14268	15036	15575	17482	18733	20170	20700	21734	22476	23872	24765
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422	1445	2827	4066	5279	6390	6899	7557	9427	10557	11620	13689	14318	15075	15771	17583	18844	20242	20740	21761	22523	23932	24793
423	1446	2829	4067	5280	6393	6902	7562	9438	10558	11684	13700	14320	15076	15774	17585	18845	20246	20853	21763	22536	23933	24794
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475	1452	2840	4117	5313	6416	6926	7577	9448	10596	11695	13817	14343	15096	15959	17595	18893	20256	20865	21785	22581	23942	24800
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483	1456	2843	4128	5315	6417	6945	7594	9450	10600	11702	13837	14359	15101	16177	17607	18903	20272	20877	21796	22587	23983	24805
500	1460	2845	4126	5348	6424	6947	7606	9452	10602	11703	13838	14361	15102	16178	17608	18904	20273	20894	21799	22592	23984	24810
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544	1463	2852	4167	5356	6434	6962	7630	9542	10713	11778	13844	14376	15106	16385	17648	18912	20287	20900	21807	22618	24024	24838
545	1464	2855	4170	5399	6442	6970	7636	9543	10716	11780	13845	14377	15121	16388	17649	18913	20289	20901	21816	22624	24025	24839
652	1742	2856	4171	5400	6443	6971	7642	9544	10717	11785	13846	14378	15123	16389	17650	18916	20290	20907	21818	22630	24063	24841
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957	1751	2865	4178	5532	6470	6986	7728	9576	10737	11858	13857	14390	15140	16534	17687	18933	20321	20916	21851	22676	24144	24895
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1063	1809	2880	4188	5580	6490	7021	7843	9711	10764	11882	13885	14414	15159	16731	17806	18983	20378	21313	21899	22744	24281	24907
1068	1948	2904	4194	5584	6500	7022	7844	9712	10765	11889	13886	14415	15193	16873	17809	19006	20379	21314	21900	22750	24297	24908
1069	1946	2917	4195	5617	6501	7105	7918	9716	10767	11890	13887	14417	16194	16877	17810	19008	20380	21326	21919	22789	24298	24915
1145	1967	2918	4197	5621	6503	7106	7921	9749	10770	11897	13892	14425	15200	16978	17822	19014	20382	21329	21920	22809	24304	24917
1146	1968	2925	4199	5629	6504	7119	7925	9751	10771	11920	13895	14432	15201	16896	17831	19015	20389	21349	21942	22812	24305	24922
1156	1969	2930	4212	5630	6505	7127	7933	9797	10773	11921	13897	14437	15202	16903	17832	19020	20390	21351	21944	22813	24306	24930
1160	1996	2931	4213	5631	6509	7130	7934	9798	10778	11922	13901	14455	15203	16906	17833	19021	20396	21354	21952	22817	24323	24932
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1204	1999	2933	4216	5634	6518	7132	8068	9801	10819	11971	13904	14457	15220	16908	17884	19035	20421	21358	21954	23465	24335	24934
1205	2008	2935	4217	5644	6555	7137	8072	9803	10820	11972	13905	14531	15221	16923	17885	19041	20432	21362	21962	23467	24337	24940
1215	2010	2936	4218	5646	6558	7141	8075	9810	10821	11979	13907	14532	15234	16925	17886	19076	20433	21372	21981	23483	24338	24941
1216	2011	2938	4219	5648	6562	7142	8076	9823	10884	11980	13908	14541	15239	16957	18186	19077	20440	21373	21991	23486	24340	24960
1220	2012	2939	4220	5660	6563	7163	8083	9825	10885	11986	13909	14542	15272	16958	18188	19080	20447	21377	21992	23497	24341	24972
1221	2021	2940	4248	5661	6578	7164	8096	9826	10886	11996	13929	14543	15273	16959	18234	19090	20451	21379	21994	23499	24462	24977
1222	2022	2944	4249	5662	6579	7191	8100	9830	10892	11997	13930	14557	15274	17034	18235	19094	20457	21380	22048	23500	24464	24979
1263	2029	2946	4263	5670	6582	7192	8105	10073	10893	11998	13936	14559	15275	17036	18248	19100	20458	21381	22050	23502	24465	24980
1302	2036	2996	4264	5671	6611	7197	8219	10075	10917	11999	13937	14593	15283	17041	18250	19101	20460	21405	22052	23503	24479	24951
1304	2037	3002	4271	5672	6620	7201	8224	10076	10919	12000	13938	14603	15284	17044	18251	19104	20470	21409	22053	23505	24480	
1307	2042	3004	4306	5673	6621	7210	8235	10077	10928	12247	13940	14605	15291	17053	18252	18118	20473	21472	22146	23508	24481	

The above numbered bonds will be redeemed at the principal offices of the Fiscal Agent, Chemcial Bank in New York City, or at the main offices of Chemical Bank and S. G. Warburg & Co., Limited in London, the main offices of Banca Nazionale del Lavoro in Milan and Rome, the main office of Banque Lambert S.C.S. in Brussels, the main office of Banque Lambert-Luxembourg S.A. in Luxembourg, the main offices of First National City Bank in Amsterdam, Frankfurt am Main and Paris and the main office of Lavoro Bank A.G. in Zurich, upon surrender of such bonds for payment and cancellation.

Chemical Bank, *Fiscal Agent*

Dated: December 29, 1982.

This announcement appears as a matter of record only

September, 1982

SUOMEN PANKKI FINLANDS BANK

Suomen Pankki-Finlands Bank

US $600,000,000

Revolving Credit Facility

Managed by:

Bank of America International Limited
Morgan Guaranty Trust Company of New York

Provided by:

Bank of America National Trust and Savings Association
Morgan Guaranty Trust Company of New York
Crocker National Bank
The First National Bank of Chicago
The Toronto-Dominion Bank
Chemical Bank
The Bank of Nova Scotia Channel Islands Limited
Canadian Imperial Bank of Commerce
Citibank, N.A.
The Royal Bank of Canada
Wells Fargo Bank, N.A.
Security Pacific National Bank
Manufacturers Hanover Trust Company
Bankers Trust Company
RepublicBank Dallas NA
First Interstate Bank of California
Continental Illinois National Bank and Trust Company of Chicago

Agent:

BankAmerica International
New York Branch

This facility replaces the US $600,000,000 facility dated July 1980

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

THE OUTLOOK FOR 1983

U.S BONDS

The Fed still calls the tune

BEING "STREET WISE" in New York is an elusive quality which has nothing to do with knowing which way the Dow or bond prices are about to jump.

That is the territory of Wall Street's economic gurus who dust off their crystal balls at this time of year, cast aside past blunders, and gaze intently into the future only to eventually tell their clients what they already knew: that nothing, particularly on Wall Street, is certain.

Consider events last year. Virtually everyone — including the Federal Reserve and the U.S. Government — failed to foresee the depth of the recession both in the U.S. and in the world economy.

At a result, most pundits also failed to anticipate the distinct mid-year shift in Fed operating policy. Some embarrassing "revision" in forecasts took place while the Fed, with a few deft moves, camouflaged conveniently with the technical problems of interpreting some of the basic money supply measures, moved from what has been described as a dogmatic adherence to money supply targeting to the new pragmatic, flexible and as yet undefined "Volckerism."

That change, coupled with sharply lower inflationary expectations (the Fed's principal achievement to date), led to the sharp and largely unexpected drop in short-term interest rates. Bond and stock markets took off on a searing bull rally, the first stage of which is probably now over.

Liquidity problems

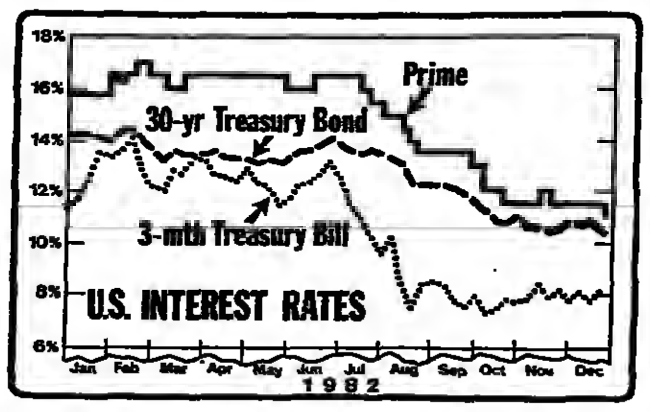
Thus while the U.S. economy nosedived and concern grew about the liquidity problems of countries like Mexico, Brazil and Argentina, bond prices soared and short-term rates plunged. The prime rate, which stood at 15.75 per cent a year ago, has dropped to 11 per cent and other short-term rates have fallen still faster.

The yield on the Treasury long bond has dropped from 13.78 per cent 12 months ago to around 10.5 per cent while the yield on AA industrial bonds has fallen from 15.38 per cent to 11.13 per cent.

But despite these declines the inflation rate has fallen still faster, so that the real cost of borrowing in the U.S. capital markets remains at a 30-year high.

This means the U.S. credit markets continue to provide some very healthy returns for the private investors, who have begun to return, as well as for the institutional fund managers who are still the backbone of the market. Yet the high cost of funds remains painful for borrowers and particularly for those in the corporate sector.

However, in the past six months the U.S. markets have provided some openings for the corporate sector, particularly for those companies with top credit ratings.



The shelf-registration Rule 415 was one of the major innovations in the U.S. credit markets last year. Under Rule 415, companies can sketch out future borrowing plans and then launch issues with the minimum of delay when market conditions are most favourable. This has helped some corporations begin the long overdue process of restructuring balance sheets.

If U.S. interest rates continue to decline, one of the main features of 1983 could turn out to be the return of the corporate sector to the credit markets in strength.

Salomon Brothers estimates that new corporate bond offerings this year will climb by $25bn to a record $65bn as companies feel more able to swap costly short-term borrowings for cheaper long-term debt.

The tremendous need for this process is highlighted by the fact that at the end of last year the ratio of corporate long- to short-term debt had fallen to a low of 1.05 from nearly 1.12 at the end of 1980, and 1.9 at the end of 1971.

The Fed's actions this year—and perhaps of equal importance, what the Fed is perceived to be attempting to achieve—will have a critical impact on the corporate and other sectors of the credit markets.

For once almost all Wall Street's senior economists appear agreed. The year will see a "modest recovery," a continuing but perhaps slower decline in short-term rates with the posssibility of a temporary hiccup when the recovery catches hold, and another record Federal Government deficit.

The Fed, they reason, will be forced to continue its critical balancing act, seeking on the one hand to maintain the downward movement in interest rates, while still restraining those who would have it trade in too much of its hard-won store of credibility in the battle against inflation.

Next month Mr Paul Volcker, the Fed's chairman, will present the Board's annual policy goals to Congress.

As Mr Bill Griggs and Mr Len Santow, of Griggs and Santow say, "the presentation should be anything but routine. After all, the changes in policy emphasis and in the methods of measuring money would more accurately be described as revolutionary than evolutionary. Certainly the Fed is not going to tell us that all that is called for in 1983 is some minor adjustments in the existing monetary targets."

That presentation may also give the first real answer to the question of what the Fed intends to substititute for the largely abandoned M1 money supply measure as its guide in routine operations. Probably the Fed will move still further towards concentrating on the broader money measures and particularly in M3. The Fed may also launch a new measure of total bank credit as part of its new toolbag in the continuing battle against inflation.

A few months later speculation is likely to focus on the Fed again and on whether or not Mr Volcker gets another period of office. His present term is due to expire in August and while most of Wall Street thinks he has done a good job, the politicians seem less sure.

Continuing uncertainty

Looming large behind the scenes will be the continuing uncertainty over the mammoth $160bn plus Federal budget deficit this year and the $175bn plus Treasury borrowing requirement it implies.

Despite the success of the market in swallowing last year's Treasury offerings, the deficit will probably continue to cause some short bursts of nervousness in the credit markets.

Over and above all else, however, the credit markets will continue to watch the Fed with hawk eyes. Specifically they will be watching for a sign—if unlikely—that the Fed has given in to the political pressure and abandoned its longer term battle against inflation.

Such a perception—even if unjustified—could spark a reversal in the credit markets. The dangers for the U.S. economy and the wider financial system would be at least as great should the Fed decide to pull in the monetary reins too quickly with the onset of the recovery.

For the moment, at least, the immediate priority appears to be ensuring that the recovery, when it does come, is not snuffed out at birth. But for those with street knowledge the watchword for 1983 is "caution."

Paul Taylor

Carrian revises cash injection plan

BY ROBERT COTTRELL IN HONG KONG

SHARES WERE suspended in Hong Kong yesterday of Carrian, the troubled property concern, as the group announced revised plans for a HK$500m (U.S.$77m) cash injection.

The suspensions affect Carrian Investments (CIL), the group's principal public company, whose assets are predominantly property; Grand Marine, the shipping group 61 per cent owned by CIL; and China Underwriters, the insurance group 53 per cent owned by CIL. The other main company in the Carrian group is Carrian Holdings, a private company which owns just over half of CIL, and which is in turn owned by a nominee company.

Carrian's liquidity problems have been public knowledge since CIL revoked its interim dividend on October 26. Advised by Wardley, the merchant bank, Carrian originally planned to raise cash through a HK$500m preference share issue by CIL which would have been subscribed equally by the Hongkong and Shanghai Bank, which is Wardley's parent and a leading lender to Carrian, and Carrian's ultimate owners, whose identities are shielded.

This plan has now been scrapped in favour of a proposed HK$500m loan package. Carrian announced yesterday that the Hongkong Bank has declared its willingness to make available to CIL a HK$250m secured revolving credit facility. The Carrian group's unknown principal shareholders plan, meanwhile, to put up a HK$250m loan on an unsecured basis. The shareholders' loan would not necessarily be to CIL alone, but it is not known how it might be allocated among the public and private companies in the group. Nor is it known what security is being required.

Carrian said yesterday that loan finance is "more appropriate to the company's present circumstances" than a preference share issue. Analysts note that a secured loan gives the Hongkong Bank a superior charge over Carrian assets than it would obtain through a holding of preference shares. Carrian would also avoid a technical obligation to service preference share debt out of current profits.

With the possibility of writedowns and provisions to tidy up the Carrian balance sheet, the short-term profits picture is uncertain.

Little progress in Caterpillar pay dispute

BY RICHARD LAMBERT IN NEW YORK

IT HAS been a bleak Christmas at Peoria, Illinois, the Mid-Western town dominated by the Caterpillar Tractor Company. The giant earthmoving and materials handling machinery makar was struck by the United Automobile Workers Union on September 30, and there has been little progress towards a settlement in the intervening three months.

Desultory talks were held between the two sides in early December, but were suspended over tha holiday period. No further negotiations are currently scheduled. Caterpillar saye that the union has not responded to any of its proposals, while the union says its members believe that the company deliberately forced a strike.

The issue at stake is whether a company which, though loss making, is still financially sound can persuade its workers to accept significant changes in their pay structure in order to become more competitive in the international market place. Caterpillar's weekly paid and salaried workers took pay cuts of up to 10 per cent this summer, and agreed to a suspension of their cost of living allowances.

With its three-year labour contract running out in September, Caterpillar sought to impose a pay freeze, together with slimmed down cost of living allowances and cuts in other areas, like paid holidays. For its part, the union offered what was essentially an extension of the previous contract.

Depending on the rate of inflation, Caterpillar's offer could have added roughly 9 per cent to wages over the next three years, whereas the union's demands could heve run to well over 20 per cent.

Over 20,000 UAW members are on strike. A further 14,000 were laid-off before the dispute arose. Some 4,000 other workers have now been laid-off as a result of the strike, and Caterpillar is not currently manufacturing any of its prime products in the U.S.

However there appears to be little shortage of Caterpillar equipment in the marketplace. Demand remains very flat, and in the third quarter the company took the precaution of shipping soms $300m of inventory to its dealers which would not normally have gone out until the final three months of the year.

Caterpillar took an 80-day strike when its last contract ran out in 1979, but the current dispute could be a lot more protracted. Both sides are sensitive about any parallels being drawn with International Harvester, which never recovered from a 172-day strike by the UAW in 1979.

INTERNATIONAL APPOINTMENTS

Senior posts at Jardine Matheson

Mr David McLeod has been appointed deputy chairman of JADINE MATHESON AND CO, from January 1. Mr McLeod, who has been managing director of Jardines since January 1, 1981, will hold this appointment until his retirement from Hong Kong at the end of 1983. From January 1, Mr Siman Keswick, who has been the managing director responsibla for Jardine's international operations since July, will assume the additional responsibility for Jardines' Hong Kong operations in succession to Mr McLeod. Mr Keswick will thus have responsibility for all Jardines' operations both in Hong Kong and internationally.

Appointed an assistant director is Mr Anthony Nightingale, currently seconded to Olayan Saudi Holding Co, an affiliate of Jardines in Saudi Arabia, as general manager, group properties. He joined Jardines in 1969.

General managers appointed by Jardines are, Mr Del Farrall, chief executive of Jardine Schindler (Far East) Holdings; and Mr Desmond Wigan, executive manager of Jardines China trading division and managing director of Jardine, Matheson (China).

● Mr Paul Kilduff has been appointed group financial executive for MICRO FOCUS with financial responsibility for operations in the UK, U.S. and Japan.

● Mr George P. Laronnis has been elected a corporate vice-president and group executive for Europe, by the BENDIX CORP. He will have overall responsibility for Bendix European automotive operations — including Bendix Limited in Bristol—and Bendix Mintex in Australia. His headquarters are in Paris.

Mr George P Laronnis.

● THE LTV CORP., Dallas, has elected president and chief executive officer Mr Raymond A. Hay to the additional position of chairman. The election is subject to the confirmation in the U.S. Senate and subsequent resignation of the present chairman Mr Paul Thayer who has been nominated by President Reagan to be Deputy Secretary of Defence.

● Racal Electronics has formed a new company in Hong Kong, RACAL-DECCA ELECTRONICS (HONG KONG), to co-ordinate the group's sales and service and to develop its marine electronics business in the Far East. Mr Viv Hoyle has been appointed director and general manager of the marine division. The group sales and service centre is headed by Mr Brian Stewart. The board of directors include: Mr David J. Peacock, chairman; Mr Alan Carnell, managing director; Mr Viv Hoyle and Mr Brian Stewart.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97 ...	150	109	109½	+0¼	+0½	11.41
Amax O/S Fin. 14¼ 89	75	106¼	106⅞	+0⅛	+0¼	12.62
Amro Bank 13 88	200	104⅞	105⅜	0	+0¼	11.90
BHP Finance 14¼ 89...	150	105⅜	105⅞	0	+0¼	13.39
Bk. Amer. NT SA 12 87	200	103¼	103¾	+0⅛	+2	10.90
Bk. Montreal 14½ 87 ...	100	105⅛	105⅝	+0⅛	+0⅞	12.47
British Col. Hyd. 14¼ 89	200	108¼	108¾	+0⅛	+0⅛	12.42
British Col. Hyd. 15¼ 92	150	113⅝	114⅛	+0⅛	+1	12.63
Canada 14¼ 87	750	110¾	111¼	+0½	+1¼	11.08
Canadair 12½ 89	175	103½	104	+0¼	+1¼	11.66
Canadian Wheat 11¼ 90	50	98½	99	+0⅛	+0⅛	11.49
Can. Pac. Sec. 14¼ 92	75	106½	107	+0½	+0⅛	13.28
Can. Pac. Sec. 15 89...	75	106⅛	106⅝	+0⅛	+0⅛	13.43
Citicorp O/S 15 84/92	100	105⅜	105⅞	+0¼	+0¼	10.01
Coca Cola Int. 11¼ 89	100	104½	105	+0⅛	+1¼	10.70
Credit Suisse 10⅞ 89 ...	100	100¾	101¼	+0⅛	+1	10.29
Deutsche Bk. F. 14⅞ 88	300	108	108½	+0¼	+0¼	12.31
Du Pont 11¼ 95	150	99⅝	100⅛	+1¼	+1¼	11.25
Du Pont 14¼ 89 WW ...	200	107⅛	107⅝	+0⅛	+1⅛	12.36
EDC 10⅞ 88	100	98⅛	98⅝	+0¼	+0⅛	11.15
EDF 12⅜ 87	150	102⅛	102⅝	0	+0¼	12.01
EIB 15⅞ 92	100	110⅛	110⅝	0	+1	13.44
Ekspordfinans 14½ 89 ...	50	105⅝	106	0	+0¼	13.06
Exp. Dev. Cpn. 11¼ 87	100	101¼	102	+0⅛	+1¼	11.24
Forsmarks 13¼ 92	75	103⅛	103⅝	−0⅛	+0⅛	13.06
Gaz de France 12⅜ 93	175	19⅛	19⅝	9	+0½	12.33
Gen. Elec. Credit 12 89	100	105½	106	+0⅛	+1¼	10.73
Getty Oil Int. 14 89 ...	125	107⅜	107⅞	+0⅛	+1¼	12.16
GMAC O/S Fin. 15 87	100	107¼	107¾	0	+1¼	12.60
GMAC O/S Fin. 15 89	125	107⅝	108⅛	+0¼	+1	13.05
Gulf Oil Fin. 12⅜ 87...	100	103½	104	0	+1¼	11.15
IBM Wld. Trade 12⅜ 92	200	108¼	108¾	+0⅞	+1¼	11.13
Manitoba Prov. 11¼ 89	125	103	103½	+0⅞	+1¼	11.04
Manitoba Prov. 13¼ 89	100	106½	107	+0⅛	+1¼	12.19
Midland Int. F. 11¼ 92	150	98⅞	99⅜	+0⅛	+1	11.64
Nat. West. Fin. 11¼ 92	150	100¼	100¾	0	+0⅛	11.65
New Brunswick 15¼ 87	75	108⅜	108⅞	+0⅛	+0⅞	12.31
Newfoundland 15⅞ 90...	75	109½	110	+0¼	+0⅛	13.24
Nova Scotia Pr. 15⅜ 89	75	111⅝	112⅛	+0⅛	+0¼	12.43
Ontario Hydro 12¼ 92...	200	105⅛	105⅝	+0¼	+1¼	11.75
Ontario Hydro 14⅜ 89...	150	110⅛	110⅝	+0⅛	+1¼	12.25
Ontario Hydro 15 92 ...	150	112⅞	113⅜	+0⅛	+1¼	12.53
Phillips Petrol 14 89 ...	200	106½	107	0	+0⅛	12.36
Prudential O/S 12⅜ 87	150	105	105½	0	+0¼	11.24
Quebec Hy. 11¼ 92 (O)	100	98⅛	98⅝	0	+2½	11.78
R. J. Reynolds 12⅜ 89	100	104¼	104¾	+0⅛	+1¼	11.72
Saskatchewan P. 16 92	150	111⅜	111⅞	+0⅛	+1¼	12.79
Shell Canada 14¼ 92 ...	125	107⅜	107⅞	+0⅛	+1¼	12.99
Superior O/S Fin. 14 89	125	106⅝	107⅛	+0⅛	+1¼	12.31
Swed. Exp. Cr. 14⅞ 90	100	105⅜	105⅞	0	+0⅛	13.29
Texas Eastern 15¼ 89...	60	109⅜	109⅞	+0⅛	−0⅛	13.37
UBS 10⅞ 87	200	103⅛	103⅝	+0⅛	+0⅞	9.80
UBS 11 89	150	103⅜	103⅞	+0⅛	+0⅞	10.23
Walt Disney Pr. 12⅜ 89	75	104⅛	104⅝	+0⅛	+1¼	11.31
World Bank 10⅞ 90 ...	200	97⅜	97⅞	+0⅛	+0⅛	11.38
World Bank 11¼ 89 ...	100	97⅜	97⅞	0	+0⅛	11.46
World Bank 13⅞ 87 ...	300	105⅝	106⅛	+0⅛	+1¼	11.54

Average price changes...On day +0⅛ On week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92...	60	*100⅞	101⅜	+0¼	+0⅛	8.10
Asian D. B. 8¼ 92	150	*99⅞	99⅜	+0⅛	+1¼	8.32
Asn. D. B. 9⅜ 92 (Aug)	150	*104⅜	104⅞	+0¼	+0⅞	8.53
Australia 7¾ 92	200	*104½	105	+0⅛	+0⅛	7.06
Bayer Capital 7⅞ 89 ...	150	*101¼	101¾	+0⅛	+0⅛	7.36
Beecham Fin. 8½ 92 ...	125	*102⅞	103⅜	+0⅛	+0⅛	7.63
Black and Decker 9¼ 89	100	*105½	106	+0⅛	+0⅛	7.96
Cowater Int. Fin. 8½ 89	50	*101⅞	102⅜	−0⅛	0	8.02
Caisse Nat. Tele. 9⅜ 92	100	*105⅞	106⅜	+0⅛	+1¼	8.51
ECSC 8 94	200	*102⅛	102⅝	+0⅛	+1¼	7.68
EEC 8 94	200	*102½	103	+1¼	+1½	7.63
EIB 8⅛ 92	200	*103	103½	+0⅛	+1½	7.75
GKN 8¼ 89	100	*98⅞	99⅜	+0⅛	+0⅛	8.51
Gould Int. Fin. 8⅛ 89...	75	*102⅛	103⅛	−0⅛	+0⅛	7.67
Ireland 8⅞ 91	150	*97⅞	98⅜	0	+0½	8.24
ITT Antilles 9¼ 92	100	*106⅞	107½	+0⅛	+0⅛	8.14
Mitsubishi Heavy 7⅞ 87	150	*100⅞	101⅜	+0⅛	+0⅛	7.40
Norsk Hydro 8⅜ 92 ...	100	*106⅛	106⅝	+1¼	+2⅛	7.50
Norsk Hydro 8 92	100	*105⅞	106⅜	+0⅛	+0⅛	8.05
OKB 8⅞ 88	100	*102⅞	103½	+0⅛	+0⅛	8.23
Philips Lamps 8½ 92 ...	100	*105⅞	106⅜	−0⅛	0	7.66
Tenneco Int. 8 92	100	*105½	106⅛	−0⅛	−0⅛	8.06
World Bank 8¼ 92	200	*103	103½	+0⅛	+1	7.76
World Bank 8 92	200	*106⅛	106⅝	+0⅛	+1	8.03

Average price changes...On day +0⅛ On week +0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
Tokyo El. Power 5⅞ 92	100	*†103¼	107½	0	+0¼	5.69
Tokyo Metropolis 5⅜ 92	100	*†106	106¼	+0⅛	+1	5.36
World Bank 6⅜ 92	100	*†103¼	104	+0⅛	+0½	5.72

Average price changes...On day +0⅛ On week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	106⅞	107⅜	0	+0⅞	7.61
EIB 8½ 92	15	103	104	+0⅛	+1¼	7.70
Japan Airlines 7⅞ 87...	9	†101¼	101¾	0	+0¼	7.43
New Zealand 8⅜ 87......	15	†104⅞	105⅜	0	+0⅛	7.08
World Bank 8⅛ 92	20	103½	104	0	+1	7.78

Average price changes...On day 0 On week +0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Br. Col. Tel. 17¼ 88 C$	50	†112⅞	113⅜	+0⅛	+0⅛	13.68
Can. Utilities 17 87 C$	35	†112⅞	113⅜	+0⅛	+0⅛	12.94
Gaz de France 15 89 C$	75	†105½	106	+1¼	+1¼	13.83
Gaz Metro 17¼ 90 C$...	20	†109	110	+0⅛	+0⅛	15.06
OKB 16⅞ 88 C$	63	†110	110½	+1¼	+1¼	13.42
Quebec Hyd. 14 92 C$	60	†107½	108	+1	+1	12.57
Univ. Queb. 16⅞ 87 C$	17	†104	104½	0	0	15.16
EIB 12⅞ 90 ECU	66	*†104½	105½	+1¼	+1⅞	11.84
Amfas 8⅜ 87 Fl	60	*105⅝	106⅛	−0⅛	+1¼	8.00
Amro Bank 8½ 87 Fl ...	100	*107½	108	0	+1¼	7.53
Neder. Middbk. 9⅜ 87 Fl	100	*106	106½	−0½	+1¼	7.68
Nedlloyd Gp. 10⅛ 87 Fl	75	*108⅛	108⅝	0	+1½	8.06
Van Lanschot 10⅛ 87 Fl	50	*107⅜	108⅛	0	+0⅛	8.15
World Bank 10 87 Fl ...	100	*108⅞	109⅜	+0⅛	+0⅛	7.66
OKB 14 89 FFr	400	*96½	97¼	−0¼	−0⅛	15.23
Solvay et C. 14¼ 86 FFr	200	*96	97	−0¼	−0⅛	16.16
BFCE 14½ 87 £............	30	106⅞	107⅜	−0⅛	+1	12.35
BNP 13½ 91 £	15	101⅞	102⅞	0	+0¼	13.00
CECA 13⅜ 89 £............	20	102⅞	103⅜	0	+0⅛	12.68
CNT 12½ 88 £	20	100½	101½	+0⅛	+2⅛	12.33
Fin. For Ind. 12⅜ 89 £...	30	101⅞	102⅜	+0¼	+1½	11.73
F. Mat. Oranj. 12⅜ 92 £	30	23⅛	24⅛	0	+0⅛	12.82
Gen. Elec. Co. 12⅞ 88 £	50	102⅞	103⅜	+0¼	+0⅛	11.80
Hiram Walker 14⅞ 86 £	25	105⅝	106½	0	+0⅛	12.02
Mort. Bk. Fin. 11¼ 89 £	15	23⅛	24⅛	−0⅛	+1¼	13.20
Norsk Hydro. 14½ 87 £	30	106⅛	107½	0	+1	12.32
Quebec 14½ 89 £.........	30	105	106	+0⅛	+1¼	13.16
Quebec 15½ 87 £.........	35	108	109	0	+1½	12.73
SOR France 15½ 92 £...	30	105⅜	106½	0	+2	14.25
BNCF 11¼ 89 £............	30	20⅛	21⅛	0	+1¼	12.36
Tenneco Int. 14¼ 87 £	30	104⅞	105⅜	0	+0¼	13.24
World Bank 11¼ 91 £...	75	24⅞	25⅛	+0⅛	+0½	12.44
Eurofima 10½ 87 LuxFr	500	*99⅞	100½	−0¼	−0¼	10.58
Europarl 12⅜ 92 LuxFr	500	*104½	105½	0	0	11.58

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	*	4,780.8
Previous week	5,070.0	8,183.6
Other bonds		
Last week......	*	29.4
Previous week	1,034.9	836.9

* Figures not available.

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg.day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnaise; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Int. Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; Deltec Securities (UK); E.B.C.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on December 30.

WORLD STOCK MARKETS

Wall St closes 19.5 lower

A WAVE of institutional selling late in the day caused stock prices to finish sharply lower on Wall Street, with blue chip issues leading the downward trend.

The Dow Jones Industrial Average rose 5½ points in the first half of the session, but started to weaken in the early afternoon.

The slide then accelerated and the average finished off 19.5 points to close at 1,027.4.

Declines led advances two to one, and volume widened to some 59m shares from 42.11m on Friday.

* * *

AT MIDSESSION the average was up 3.96 at 1,050.50. The New York Stock Exchange all-common index was ahead 13 cents at $81.16.

Takeover targets attracted considerable interest. General American Oil, battling a takeover attempt by Mesa Petroleum, dropped $1.50 to $41¾. Mesa, offering $40 a share for General American, added ⅛ to $11⅞.

Suburban Propane Gas climbed a point to $50. National Distillers, up ¼ at $24¾, is offering to purchase up to 3m shares of Suburban at $48.50 each.

El Paso Co moved up 75 cents to $23¾. It is fighting a takeover attempt from Burlington Northern, which is up ⅝ at $53¾. Volume leader Warner Communications rose $1½ to $34½ on over 550,000 shares.

Commodore International dropped $2½ to $64, while Tandy fell $2 to $48¾. Analysts attributed weakness in the consumer electronics group to stiff competition in personal computers.

Other weak spots included Motorola off $2 at $85, Trane $1 lower at $28½, Compugraphic also off $1 at $19 and Jewel Companies $2 lower at $48. However, Toys R US gained $1½ to $42.

American Stock Exchange prices advanced, with the Amex index up 1.43 to 342.03 on a volume of approximately 3m shares.

Germany

Leading German shares scored strong gains in the first session of the New Year as professional operators and private investors took up new positions. There was a heavy flow of funds out of the bond market into stocks on expectations of a higher return and the Commerzbank Index rose to a new three-year high of 773.20 from 763.40 last Thursday. Dealers said most demand came from domestic investors. Motors rose sharply. Daimler gained DM 3.50 to DM 398.50, VW rose DM 2.70 to DM 149.50 and BMW put on DM 4.50 to DM 232. Conti-Gummi rose DM 2.30 to DM 69.00

Paris

French stocks tended lower in a quiet market weakened by the effects of a French taxation law, which boosted demand before the New Year. All sectors fell except Metals. In Banks, Bail Equipment, Locabail and Credit Foncier de France weakened. Jacques Borel International (JBI) fell FFr 9.4 to FFr 135.1 after Novotel said it was raising its capital with a share issue reserved for JBI shareholders who opted for the Novotel takeover.

In cars, Peugeot rose to FFr 117.1 from Friday FFr 116.3 after the company reported that it expected to break even in 1983. In lower Constructions, Bouygues fell slightly. In Oils, Esso, Elf Aquitaine and Cie Francaise de Raffinage were all lower.

Johannesburg

South African stocks closed quietly firm, with the UK holiday closure restricting activity. Gold shares led the trend as the bullion price held steady. Heavyweights rose up to 200 cents, while among cheaper priced producers, Unisel gained 110 at R19.60. Blyvoor and Kloof were among a few easier issues trading ex-dividend. Mining Financials had Anglos 10 firmer at R21.40 and in Diamonds, De Beers added 15 at R8.35. Impala Platinum added 20 at R10.70, while Industrials were mostly firmer.

Amsterdam

Dutch share prices were mixed in very quiet trading on the Amsterdam stock exchange. There were no major developments to set a trend for prices. Among Internationals, Royal Dutch was down Fl 1.20 at Fl 92.30 but KLM was up Fl 8.5 at Fl 146 and Philips and Unilever made late gains.

Among Banks, ABN and Amro were unchanged. ABN, whose price has fluctuated in thin trading in recent days, made up a loss of Fl 5.00 at the opening. NMB was down Fl 2.20 at Fl 125.50. Among Insurers, Aegon and Ennia were unchanged. In Stores, Ahold was up Fl 4.20 at Fl 123.00 after repeating a forecast of increased 1982 profit. Constructions were up reacting to recent falls, with HBG up 50 cents at Fl 84.50 and Boskalis ahead 20 cents to Fl 29.70. Fokker rose Fl 2.00 to Fl 23.20.

Switzerland

Swiss share prices closed firmer on high volume, with sentiment buoyed by news that four big Swiss banks had cut their customer time deposit rates by ¼ to ½ per cent. Although a cut in deposit rates had largely been expected after Eurofranc rates dropped sharply last week, the move was seen as confirmation that domestic interest rates will continue their downward trend in the New Year. The bond market was also higher, with Swiss Franc foreign bonds rising by half a point on average.

Financials were actively sought, with Oerlikon Buehrle closing just below the day's high at SwFr 1,270 compared with SwFr 1,200 previously. Landis and Gyr and Interfood were also marked up, while Elektrowatt more than made up for last week's fall. Banks were less active, with most issues only moderately higher. Banca Della Svizzera Italiana was a major gainer, while Bank Leu Bearer, which had been strongly favoured last week, lost some ground. Credit Suisse and Swiss Bank Corp firmed.

Milan

Italian share prices closed lower in response to new taxes decided by the Italian Government last week and several issues plumbed to new lows by the close. Insurance and Real Estate companies were especially hard hit as the sector is expected to be badly hurt by the taxes. But trading was extremely light.

Ras and Generali were among the big losers of the day along with Bastogi, which retreated after earlier gains.

Brussels

Belgian share prices were lower and foreign share prices were mixed in quiet trading. The Belgian share index fell to 101.13 from 102.88 on Thursday, and the all-shares index fell to 250.78 from 251.67.

Among Belgian shares, FN fell 6 per cent and UCB 5 per cent. Arbed and Cockerill each fell 4 per cent while Sofina and Electrafina fell 3 per cent.

Hong Kong

Stocks closed lower in scanty trading, depressed by the suspension of trading in Carrian Investments and its subsidiaries, Grand Marine and China Underwriters. Market sources claimed that the Carrian factor was mainly psychological, since the group had arranged for funds of HK$500m from its parent company, Carrian Holdings, and the Hongkong Bank. Carrian also announced it will cancel its proposed Preference share issue.

Jardine Matheson lost 60 cents to HK$12.40, Hongkong Land fell 17.5 cents to HK$3.65 and Hongkong Bank shed 10 cents to HK$7.60. Hutchison Whampoa lost 15 cents to HK$9.30. Swire Pacific "A" retreated 10 cents to HK$8.30 and Hongkong Electric fell 12.5 cents to HK$4.575. Second and third-liners fell in line with Blue Chip issues.

Stock markets were closed in many countries yesterday for the New Year. Markets remained closed in Canada, Australia, Japan and Spain among the principal centres.

LONDON TRADED OPTIONS

December 31 Total Contracts 1,290 Calls 1098 Puts 198

Option	Ex'cise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity Close
BP (c)	280	23	1	38	1	—	—	296p
BP (c)	300	10	27	22	—	36	—	"
BP (c)	330	2	—	10	1	60	1	"
BP (c)	360	½	25	5	5	12	—	"
BP (p)	280	2	—	5	1	—	—	"
BP (p)	300	14	—	28	8	34	3	"
BP (p)	330	36	1	50	—	58	—	"
CU (c)	120	9	3	10½	—	18	—	125p
CU (c)	130	6	1	9	7	13	—	"
CU (c)	140	1½	—	6	6	5	—	"
Cons. Gld (c)	420	75	13	67	3	97	—	492p
Cons. Gld (c)	460	44	11	57	2	72	2	"
Cons. Gld (c)	500	11	19	35	4	45	2	"
Cons. Gld. (p)	420	3	—	10	1	15	2	"
Cons. Gld. (p)	460	8	4	22	5	30	1	"
Cons. Gld. (p)	500	22	4	37	—	44	1	"
Ctlds. (c)	70	7	6	10	—	13	—	75p
Ctlds. (p)	80	8	18	9	—	12	—	"
GEC (c)	187	18	—	34	5	—	—	209p
GEC (c)	217	6	36	20	—	—	—	"
GEC (c)	280	—	—	—	—	28	5	"
GEC (c)	240	—	—	—	—	18	2	"
GEC (c)	260	½	—	5½	—	13	1	"
GEC (p)	197	6	14	10	5	—	—	"
Gr'd Met. (c)	260	56	—	58	1	64	—	334p
Gr'd Met. (c)	300	08	20	01	10	07	6	"
Gr'd Met. (c)	330	11½	9	24	105	29	—	"
Gr'd Met. (p)	300	1½	—	7	1	11	—	"
ICI (c)	300	64	5	68	1	76	—	360p
ICI (c)	330	34	15	40	1	50	—	"
ICI (c)	060	11	40	23	6	30	—	"
ICI (p)	330	3	20	12	—	18	—	"
ICI (p)	360	10	15	20	6	26	—	"
Land Sec. (c)	200	63	12	62	6	39	—	280p
Land Sec. (c)	280	6	44	60	—	20	—	"
Land Sec. (c)	300	2	—	9	2	—	—	"
Land Sec. (p)	280	7	5	16	—	16	—	"
Mks & Sp. (c)	220	10	10	20	—	26	—	220p
Mks & Sp. (p)	260	6	6	10	—	10	—	"
Shell (c)	420	12	1	24	—	30	—	412p
Shell (c)	460	1½	6	12	—	22	—	"
Shell (p)	390	6	5	13	—	16	—	"
Shell (p)	460	48	—	52	1	60	—	"
		February		**May**		**August**		
Barclays (c)	390	18	2	30	—	45	—	395p
Barclays (p)	390	13	2	66	—	33	—	"
Imperial (c)	110	9	1	16	—	18	—	115p
Imperial (c)	120	6	12	8½	—	14	—	"
Imperial (p)	120	8	—	10	1	16	—	"
Lasmo (c)	300	17	—	05	5	00	—	282p
Lasmo (c)	330	10	10	24	—	35	—	"
Lasmo (c)	360	4	—	16	10	—	—	"
Lasmo (c)	090	3	—	8	15	—	—	"
Lonrho (c)	70	29	25	—	—	—	—	98p
Lonrho (c)	80	20	70	26	3	23½	2	"
Lonrho (c)	90	11½	61	10½	6	10	—	"
Lonrho (c)	100	5	176	7½	17	9	2	"
Lonrho (p)	80	1	10	6	—	3½	—	"
Lonrho (p)	100	6	—	10	23	11	—	"
P & O (c)	100	10	10	18	5	21	—	107p
P & O (c)	110	6	—	13	2	15	—	"
P & O (c)	180	2½	80	9	—	18	—	"
P & O (c)	130	2	—	6	12	9	—	"
P & O (c)	140	1	—	3½	10	—	—	"
P & O (p)	100	4	—	5	15	9	—	"
P & O (p)	120	16	—	20	—	23	1	"
Racal (c)	550	52	20	70	—	88	—	594p
Racal (c)	600	18	6	35	1	68	—	"
Racal (c)	650	3	10	14	—	—	—	"
Racal (p)	600	65	—	37	2	65	—	"
RTZ (c)	460	20	7	44	1	50	—	451p
RTZ (c)	500	9	—	24	3	—	—	"
Vaal Rfs. (c)	70	36	—	43	—	44½	1	$112
Vaal Rfs. (c)	90	22	6	25½	—	28	—	"
Vaal Rfs. (c)	100	13	6	16½	16	23	—	"
Vaal Rfs. (c)	110	8½	2	12½	10	17½	3	"
Vaal Rfs. (c)	120	4½	26	7½	20	11½	8	"
Vaal Rfs. (p)	90	1	—	2½	1	6	—	"
Vaal Rfs. (p)	100	2½	11	6	—	8	—	"
Vaal Rfs. (p)	110	6	9	6½	—	10	—	"

C=Call P=Put

NEW LIFE BUSINESS

Successful year for Prudential

A SUCCESSFUL year for new life and pension business is reported by Prudential Corporation, Britain's largest life company. New annual premiums on its worldwide business improved 8 per cent to £261.8m, while single premiums increased by 45 per cent to £204.3m.

Individual ordinary life and pensions business in the UK of the Prudential Assurance, the main life and pensions subsidiary, showed excellent growth, with new annual premiums rising 20 per cent from £66m to £78.9m. This reflected the continuing demand for personal pensions plans, mainly by the self-employed with premiums on traditional contracts rising 20 per cent to £23.8m. The new unit-linked personal pension plan took just under £1m. There was strong growth in ordinary with-profits savings plans in the second half.

Single premiums on ordinary life and pensions business jumped over 50 per cent from £19.8m to £30.6m, thanks to the successful launch of the unit-linked Prufund Investment Bond which attracted more than £6m since its launch in November. Annuity business rose 15 per cent as a result of the company maintaining competitive rates.

Strong growth in the second half of the year resulted in annual premiums in the industrial branch rising 15 per cent from £65.8m to £75.7m.

Group pensions business was hit by the recession and the launch of the segregated fund service by Prudential Portfolio Managers. New annual premiums dropped 18 per cent from £45.2m to £37.2m, most of the fall coming from transfers to segregated funds. Single premiums improved marginally from £41.5m to £42.8m.

Overseas business of the Pru showed a 11 per cent jump in annual premiums to £39.6m and a near doubling of single premiums to £85.1m. Allowing for changes in the rates of exchange the true growth rates were 6 per cent and 80 per cent respectively.

Vanbrugh Life, the unit-linked subsidiary, showed a 27 per cent rise in single premiums from £29.5m to £37.6m, reflecting a successful first year for the Inheritance Trust—a Capital Transfer Tax mitigation scheme. But the company failed to sustain the high growth in annual premiums seen in 1981 and premiums for the year were £2.2m against £7.9m. The success story for the company was its Jersey based currency fund which attracted £28.5m—two thirds more than in 1981.

New annual premiums on the worldwide business of the reinsurance subsidiary, Mercantile and General Reinsurance, rose 32 per cent from £21.4m to £28.2m, the underlying growth rate being 22 per cent. Net single premiums rose 22 per cent from £6.7m to £8.2m. Net new annual premiums on long term sickness and accident were one-third higher at £7.4m.

Scottish Widows

Scottish Widows' Fund and Life Assurance Society, a leading Scottish life company, recorded a 14 per cent rise in new annual premiums for ordinary life business from £12.3m to £14m, the main areas of improvement being personal and executive pensions, flexible endowments and unit-linked business. Mortgage related contract premiums were static.

Single premium business however fell 13 per cent on the year from £30m to £26m, as a result of a sharp decline in sales of unit-linked bonds, which dropped from £22.5m to £12.5m. This was partially offset by a good demand for personal and executive pensions.

The company was also hit by the recession in its group pensions business with annual premiums dropping one-fifth from £15m to £12m. Single premiums business however rose over 50 per cent from £1.6m to £2.5m. The managed fund operation, in contrast, had a successful year with new annual premiums rising 30 per cent from £10.8m to £14m and single premiums advancing nearly 60 per cent from £18.5m to £29m. Payments to the Society's exempt unit trust were slightly down at £2.35m.

Scottish Provident Institution managed to record a 4 per cent increase in annual premiums on its ordinary business from £5.87m to £6.12m, despite a disastrous start to the year when business was down by more than 20 per cent in the first quarter. Self-employed pensions annual premiums recovered in the second half of the year to finish 7 per cent higher, while low cost endowment business remained good.

Single premiums on ordinary life business rose by more than 70 per cent from £6.61m to £11.38m.

The company's group scheme business was affected by the recession with annual premiums down nearly 30 per cent from £8.31m to £5.98m and single premiums by over 20 per cent from £3.05m to £2.35m. Managed pension funds saw a drop in annual premiums from £350,000 to £270,000, but a slight rise in single premiums from £9.93m to £10.09m.

Midway rise for Stavert Zigomala

For the half year ended September 30 1982 Stavert Zigomala earned a profit of £18,595, against £16,181, subject to tax of £5,658, against £4,983. This close company is engaged in furniture wholesaling and investment.

Gross franked investment income amounted to £17,539 (£16,049) and unfranked to £2,619 (£2,688).

In the year ended March 31 1982 profit before tax amounted to £31,000 and the company paid a dividend of 6.3p net.

BIDS AND DEALS

DRG negotiates SA subsidiary sale

BY CHARLES BATCHELOR

DRG, the former Dickinson Robinson packaging and stationery group, is negotiating the sale of its 70 per cent owned South African subsidiary to Kohler Brothers, part of General Mining Union Corporation.

DRG's shares rose 5p to 81p on the news putting a market value of £67.8m on the company.

Bristol-based DRG said that if the sale goes ahead this would be a "significant divestment" and the largest of the recent series of disposals by the company.

Negotiations for the sale, for cash, of DRG(SA) have reached an advanced stage and may be concluded within the next week or so, DRG said.

The company decided to make an announcement because of recent sharp share price movements on the Johannesburg Stock Exchange.

DRG (SA) moved into a loss in the first half of 1982 and passed its interim dividend. It reported a pre-tax loss of R1.08m (£620,000) on turnover of R58.29m (£33.4m) in the six months to June 30.

Southern Africa accounted for 11 per cent of DRG group turnover in the first half of 1982. DRG (SA) employs nearly 4,000 people and represents net assets of about R40m.

Despite lower results from both South Africa and Canada in the first half of 1982, a rise in UK profits meant group pre-tax profits rose from £3.9m to £5.4m on turnover £28 higher at £299.4m.

Trusts reject approach to liquidate and unitise them

The Atlanta, Baltimore and Chicago Regional Investment Trust and the West Coast and Texas Regional Investment Trust have rejected an approach aimed at liquidating and unitising the two companies.

The two trusts, both managed by Williams and Glyn's Bank, said they considered it was not in the best interests of the share and warrant holders to recommend such steps.

Both trusts were set up in late 1972 by CW Capital. Atlanta had a net asset value of £3.68m in early December while West Coast had a value of £4.23m.

Baring Brothers, which is advising the trusts' boards, said the approach was: "Preliminary but quite firm. It was not just a tentative enquiry."

Mr R. E. Henbest, secretary to the boards of the trusts, said they did not know who was behind the approach.

The two trusts ran into problems in 1973-74 shortly after their launch but the asset value had risen threefold since 1975 when Williams and Glyn's became involved, he said.

Atlanta is due to hold its annual shareholders' meeting on January 5. Its shares were an unchanged 103p on Friday while West Coast rose 1p to 113p.

TOZER TO SELL TKM INTL. STAKE

Tozer Kemsley and Millbourn (Holdings) the troubled industrial holding company is to exercise its option to sell its remaining 20 per cent holding in TKM International, its former international trade financing division.

In May, Hongkong and Shanghai Banking Corporation bought 80 per cent of TKM International for £19m. A subsidiary of Hongkong and Shanghai is to pay £4.8m cash for the residual 20 per cent.

MILLS & ALLEN/ EDINBURGH GENERAL

THE OFFER by Mills & Allen International for Edinburgh General Insurance Services has been accepted in respect of 14.03m new and 14.03m deferred shares, representing 64.4 per cent of the issued share capital.

Prior to the offer, Mills & Allen was interested in 6.05m new ordinary and 6.05m deferred shares. It is therefore now interested in 20.09m new ordinary shares and deferred shares (92.2 per cent).

Mills & Allen has declared the offer unconditional. The cash alternative has closed but the share offer remains open until further notice.

ELECTRA RISK'S NEW INVESTMENT

Electra Risk Capital has invested £251,250 for 40 per cent of the equity of Microfin Systems, which is based in Egham, Surrey, and designs and markets portable data capture terminals and point of sale units.

Portable data terminals give access to any computer via the telephone network and the point-of-sale units provide the means for automatic stock control.

The company has already achieved sales in the UK, Europe and the U.S. and has substantial orders.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Armour Trust, TSB Gilt Fund.

Final:—Winterbottom Energy Trust.

FUTURE DATES

Interims:—

East of Scotland Onshore	Jan 7
Hogg Robinson	Jan 11
Hollas	Jan 12
TR City of London Trust	Jan 6
Wigfall (Henry)	Jan 13

Finals:—

Investors Capital Trust	Jan 12
Uncroft Kilgour	Jan 18

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Bank	10 %
Amro Bank	10 %
Henry Ansbacher	10 %
Arbuthnot Latham	10 %
Armco Trust Ltd.	10 %
Associates Cap. Corp.	10 %
Banco de Bilbao	10 %
Bank Hapoalim BM	10 %
BCCI	10½%
Bank of Ireland	10 %
Bank Leumi (UK) plc	10 %
Bank of Cyprus	10 %
Bank Street Sec. Ltd.	10½%
Banque Belge Ltd.	10 %
Banque du Rhone	11 %
Barclays Bank	10 %
Beneficial Trust Ltd.	10 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10½%
Canada Perm't Trust	11 %
Castle Court Trust Ltd.	10½%
Cavendish Gty Tst Ltd.	10½%
Cayzer Ltd.	10 %
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
Choulartons	10½%
Citibank Savings	¶9 %
Clydesdale Bank	10 %
C. E. Coates	11 %
Comm. Bk. of N. East	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
E. T. Trust	10 %
Exeter Trust Ltd.	11 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	12½%
Robert Fraser	11 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
Hargrave Secs. Ltd.	10½%
Heritable & Gen. Trust	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Hongkong & Shanghai	10 %
Kingsnorth Trust Ltd.	11 %
Knowsley & Co. Ltd.	10½%
Lloyds Bank	10 %
Mallinhall Limited	10 %
Edward Manson & Co.	11 %
Midland Bank	10½%
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich Gen. Tst.	10 %
P. S. Refson & Co.	10½%
Roxburghe Guarantee	10½%
Royal Trust Co. Canada	10%
Slavenburg's Bank	10 %
Standard Chartered	‖10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
TCB	10 %
United Bank of Kuwait	10 %
Volkskas Intl. Ltd.	10 %
Westpac Banking Corp.	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Wintrust Secs. Ltd.	10½%
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.5%. 1-month 8.75%. Short-term £8,000/12-months 7.5%-9.1%.
† 7-day deposits on sums of: under £10,000 6¾%, £10,000 up to £50,000 7¾%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 6¾%.
‖ 21-day deposits over £1,000 7¾%.
§ Demand deposits 6¾%.
¶ Mortgage base rate.

MINING NEWS

Gencor chiefs see steady gold rise

BY KENNETH MARSTON, MINING EDITOR

A SLOW but steady increase in the gold price ahead of the inflation rate in the short to medium term is forecast by Messrs E. Pavitt and L. W. P. van den Bosch in their statements with the annual reports of five of the gold mines in the South African General Mining Union Corporation (Gencor) group.

Of the individual mines, the outlook for the year to next September for Kinross is encouraging. The expansion programme to increase milling to 165,000 tonnes per month is virtually completed and this will bring higher gold production and some relief to unit working costs.

Winkelhaak also expects to have increased its plant capacity (to 200,000 tonnes) in the first quarter of 1983 but the level of working costs remains a cause for concern.

Unisel should also enjoy higher milling, but no increase in grade is expected because more ore will be drawn from the lower grade Leader reef. Ore is already being stockpiled in readiness for the rise in milling which is being done for Unisel at the plant of the nearby St Helena mine.

Bracken expects a further decline in gold yield and its life prospects remain limited because there does not seem much likelihood of finding significantly more ore which would be economic at present gold prices.

The continued existence of the mine thus depends on keeping working costs in check, although they showed a smaller increase in the past year than in 1980-81. Leslie's future is also dependent on costs being kept to an acceptable level.

Oil flow in South Pepper test

THE SEVENTH in a series of drill stem tests of the South Pepper No 1 wildcat well drilled off the coast of Western Australia has produced a stabilised oil flow of 1,525 barrels a day through a half-inch choke. The test is still in progress, according to Mesa Australia, operator and holder of a 30 per cent interest in the well.

The test, which is being conducted over the interval 1,232 to 1,238 metres representing part of the nine-metre oil column previously reported, also produced natural gas at a rate of 1.03m cubic feet a day.

Share offer reduces Asarco debt

A PUBLIC offering of shares in New York has raised a total of $31.56m (£19.7m) towards reducing debt at Asarco, America's biggest smelter of non-ferrous metals.

Asarco made the offering through an investment banking group led by Lehman Brothers Kuhn Loeb, which retained the bulk of the proceeds in settlement of almost $26m of Asarco debt.

The offering was initially announced as 2m shares, but later reduced to 1.25m "in light of prevailing market conditions," as Asarco put it.

Improvement by James Crean

As expected, profits of Dublin-based James Crean show an advance for the 12 months to June 30 1982 with a rise from I£1.52m to I£1.72m pre-tax, on turnover of I£53.29m, compared with I£44.9m. At halfway, taxable results were up from I£816,000 to I£959,000.

Following the recent merger with the Peterson Tennant Group it has been decided to change the company's year-end to December 31. However, results for the six months to December 31 1982 are likely to show some decline relative to last year.

A second interim of 6p makes 8.25p for the 12 months, against 7.4113p. Stated earnings per 25p share dropped from 12.42p to 9.73p.

Trading results for the 12 months do not include any contribution from Peterson Tennant. Crean's attributable profits for the period showed a decline from £969,000 to £349,000, after tax of £635,000 (£245,000), minorities of 338,000 (£323,000) and extraordinary debits of £393,000 (£18,000 credits).

Tesco loan stock undersubscribed

The 9 per cent convertible loan stock offered by Tesco to its shareholders at the beginning of the month, has been slightly undersubscribed. County Bank announced yesterday that in respect of the offer of £56m of 9 per cent convertible unsecured loan stock repayable within 25 years, applications were received for almost £50m of stock, equivalent to 89 per cent of the total offered.

Evans & Owen halfway rise

Fashion "boutique" operator Evans & Owen increased pre-tax profits from £72,000 to £85,000 for the six months to September 30 1982. Turnover of this close company increased from £1.34m to £1.73m.

After a tax charge of £21,000 (nil), earnings per 25p share were given as 13.4p (15.1p). There is no interim dividend—last year dividend payments were restored with a single net payout of 2.5p.

TECHNOLOGY

EDITED BY ALAN CANE

CELLULAR RADIO, CABLE TELEVISION, FLEXIBLE MANUFACTURING . . . AND INFORMATION TECHNOLOGY

The year technicians danced to political tunes

BY ALAN CANE AND GEOFFREY CHARLISH

IT WAS a year when politics took precedence over technology.

The major issues involving technology — cable television, satellite communications and portable telephone systems (cellular radio) were driven before the public by commercial and political forces rather than advances in the laboratory.

It was, in fact, a year of consolidation rather than breakthrough, of realism rather than euphoria. Even the biggest and most powerful organisations realised that pushing back the frontiers was going to be harder and more expensive to achieve.

In communications, 1982 will certainly go down as the year in which some unusually important moves were made.

But in mobile communications for example, it was more a case of re-thinking the system than the application of any brand new technology. London, in common with many other western world cities, has exhausted its frequency allocations, with almost as many businessmen waiting for a phone in their cars as there are already equipped.

So it was decided that cellular radio, already in action in Chicago, Washington, Tokyo and Scandinavia, would come to the UK. London will benefit first, with services offered by two *consortia, one called Sectel (BT/* Securicor) and the other containing Racal, Hambros Bank and the U.S. radio company Millicom.

Outsider

Racal, it is now widely believed, succeeded in the "private" competition (Sectel bad been approved for some months), mainly because its up-front financial commitment was several times that of the others. It had, however, been seen as something of an outsider and publicly had hardly uttered a word.

But the two groupings will have to employ the same technical system and a decision is awaited.

Motorola, the biggest mobile radio manufacturer, naturally hopes that the Government choice will be the U.S.-based system called AMPS advanced mobile phone service).

At one time or another, BT is believed to have embraced NMT (Nordic Mobile Telephone system), AMPS and also the "European" front runner MATS-E. Propagated by Philips (of which Britain's Pye is a member), MATS-E was the subject of some considerable claims on channel capacity by its designers in October. In a London configuration (150 frequencies, 12 cells), it was stated that MATS-E could "out-channel" AMPS by about three times.

The claim was soon refuted by Motorola which, apart from pointing out that MATS-E existed mainly on paper, asserted that Motorola's channel-increasing directional aerial had been ignored.

The argument dragged on into November and December. Philips archly suggested that Europe should opt for a "superior" European system while Motorola, it seemed, was the only party able to demonstrate an up-and-running system, with miniature hand portables, in Washington DC.

The decision is not many weeks away. Perhaps it will be as much a surprise as the choice of the private consortium.

A similar "two-camp" argument sprang up about broadband wiring of premises and homes in the second half of the year.

One of the camps, with Rediffusion and Thorn-EMI the champions, is mainly concerned with *getting 30 channels of revenue-*producing TV to many homes as soon as possible. So it favours a wiring system called "tree and branch" in which, in effect, all 30 channels are dropped off at each house for the user to choose with a set-top box. The system uses little broadband switching outside the houses, and is relatively cheap.

The other camp, led by BT its suppliers and the cable makers, favours sending the complete channel set only as far as street-installed switches, from which selected services are then sent to each house or office.

Such a system, it is claimed, would eventually allow much easier "non-TV" two-way data communications for information services, banking, shopping and so on. Others argue however, that if the progress of viewdata is anything to go by, the desire for such things by householders is limited, to say the least. Business communications are a different matter, although here BT finds itself in an odd position, since it is already developing extensive packet switching systems for business data.

Images of '82; left, computers in the hand—at the top, portable machines come of age, bottom, the heart of Honeywell's current mode logic mainframe. Top right, robots feed lathes in the automated factory, bottom right, ring somebody, somewhere . . . from anywhere.

Once again, in all this the technology is almost a minor consideration, although some development of cheap broadband switching is called for. In reality, it is much more a matter of determining accurately the real needs of the public and its willingness to pay up. Whose crystal ball will be the best?

During the year, both GEC and Thorn-EMI made announcements about powerline communications, while BICC showed how signals could be sent over optical fibre along the nation's grid towers. Just what opportunities might arise for further development of this massive copper network for signal transmission remain to be seen.

That other *major area affecting* the efficiency of British industry — manufacturing — also attracted attention during the year with much talk about FMS, flexible manufacturing systems.

In FMS, *instead* of dedicating production lines to single products it becomes possible to make many different items of the same general size and kind on one line, on a series basis. Computers, conveyors, robots, tool changers — all work together and change their actions to make a specific product on demand.

Criticism

Normalair-Garret had one of the few such systems in action in the UK, but as the year drew to a close The 600 Group revealed its development called Scamp, for turned parts. Scamp came in for some criticism for using *Japanese robots* at a time when the UK robot industry was having a bad time. But that is another story.

In the last few days of the year, the microelectronics industry was shaken by the news that IBM, the *colossus* of the computer industry and the largest manufacturer of silicon microcircuits in the world, had spent £155m to buy a 12 per cent stake in Intel, one of the most respected manufacturers of *silicon chips and* a major supplier to the computer giant.

Only in September, the two *companies* had signed agreements giving IBM access to much of Intel's microcircuit expertise. If nothing else, the deal illustrated that brilliant chip design is not simply a matter of investment.

While IBM has poured millions of dollars into its chip fabrication plans in the U.S. and Europe, it uses the brilliant Intel 8088 microprocessor in its much-acclaimed Personal Computer (a machine IBM has yet to market in Europe). The 8088 is a half-way house between the industry standard 8-bit machines (which handle binary digits eight at a time) and the newer, faster 16-bit computers.

Now only a few years ago, the price of computers was determined largely by the price of the central processing unit, the *cpu*, the part of the processor that processed either eight bits or 16 bits at a time.

What emerged this year was a conundrum for microcomputer manufacturers. With a large number of eight-bit machines out in the field, users had a wide range of software packages to choose from, packages like "Visicalc," the financial modeller, and its lookalikes. Although perfectly respectable 16-bit chips were becoming available and the first of the 16-bit micros were on the market, there was a dearth of good 16-bit software. The answer? Hang the expense and shove an eight-bit and a 16-bit processor in the same box and make them switchable. With the cost of 16-bit chips down to a few dollars, it hardly pushes the cost of the system up exorbitantly.

First of the "popular" manufacturers to develop a machine that could emulate *other machines* was Commodore —its Model 64 could emulate an Apple II or an IBM simply by the addition of an extra microprocessor circuit board.

But while the microcomputer manufacturers were sorting out *the eight-bit/16-bit software* dilemma, the microchip manufacturers were pushing the business on.

In 1981, Intel created a stir by announcing a set of three chips making up a 32-bit micro*processor. In February last* year, Hewlett Packard topped this by announcing a 32-bit microprocessor chip that crammed 660,000 devices onto a single chip. A six-chip set, processor, memory, clock and input-output processor and memory controllers gave the performance of a medium-sized mainframe.

Then late last year, NCR — a comparative dark horse in the microelectronics stakes — upset the pecking order by announcing a set of four chips with the computing power of an IBM 370, along the industry mainframe standard. It was a 32-bit chip set, but it was ten times faster than the three-chip Intel set of 1981.

All of this activity had a number of important effects. Suddenly, British microcomputer specialists decided it had left the field of very small computers to Clive Sinclair for long enough and a cascade of new, sophisticated and ingenious machines appeared on the market — the Dragon and the Torch, to mention only two, as good as anything the U.S. could offer.

Portable microcomputers began to look like more than just an expensive new toy for businessmen. The way was led by hand-held portable terminals — "electronic notepads" — which could be used to replace paper and pencil in a number of applications—stores, banks and shops—but 1982 saw the introduction of portable terminals with substantial memory and processing capability, making them suitable for use by scientists and tradesmen.

Public utilities soon found uses for the new devices as did organisations with large numbers of van salesmen.

At the top end of the computer spectrum, the battle royal continued. Cray Research stayed out in front with its absurdly fast Cray 1 X-MP, suitable for meteorological modelling and oil prospecting.

Faster

Will Cray announce the Cray-2 this year, an even faster machine relying on immersion cooling to keep its circuits from *burning out?*

Makers of commercial large mainframes continued to vie for position with IBM's 308X range the target to shoot for. Everybody started to look to water cooling to remove heat from *their increasingly densely* packed chip assemblages. An interesting debate over IBM's technology for the future, the "thermal conduction module" developed; the chief point of contention being how IBM *intends to pack these water* cooled cells in its machines of tomorrow.

The notion that companies would turn dramatically to electronic office systems was well and truly exploded in 1982.

Most agree that the introduction of word processing, electronic messaging, computerised filing and automatic diary-keeping will be a firm but gradual process. There would be no bonanza . . . and the odds again favoured the bigger companies with *funds to finance* continued research and development.

For biotechnology, it was a quiet year, with the battle between Novo of Denmark and Eli Lilly of the U.S. for the world insulin market hogging much of the limelight. Biotechnology shares stabilised as investors realised that there was no prospect of getting rich quick in gene manipulation.

It was, of course, Information Technology Year. A MORI study showed that the level of information technology awareness among the general public grew from 17 per cent to 62 per cent during the year; trades unionists were more aware of IT and microelectronics than non trades unionists. Some 90 per cent of businessmen thought IT would make companies more productive and competitive.

Transistor

As readers have pointed out, our article published on December 23 last year subtracted a decade from the age of the transistor. Bardeen and Brattain switched on their new device on December 23, 1947.

Combustion analyser

The combustion analyser launched by Kane-May of Welwyn Garden City costs under £500, not £5,000 as published on December 15 last year.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 31, 1982. In some cases rates nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	89.00
Albania	Lek	16.03
Algeria	Dinar	(A) 7.3155
Andorra	French Franc	10.886
Greenland	Danish Kroner	16.55
Grenada	E. Caribbean $	4.37
Guadaloupe	Local Franc	10.985
Guam	U.S. $	1.6175
Peru	Sol	(exe)(A) 1,871.11
Philippines	Philippine Peso	14.51
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.3095

APPOINTMENTS

Changes at Lazards

LAZARD BROTHERS AND CO., has made the following board appointments: Mr P. J. Grant, an executive director, has been appointed a vice-chairman. Assistant directors Mr R. D. Clegg, Mr O. G. Dereham, Mr D. J. Verey, and Mr S. M. Strange, have been appointed executive directors. Mr G. M. Craig-McFeely, Mr J. S. Dear, Mr G. C. FitzGerald, Mrs F. A. Heeton, Mr P. B. Jansson, Mr A. D. Johnson, Mr J. A. S. Nash, Mr M. Putin and Mr R. B. Sturdy have been appointed assistant directors. Lord Tryon will cease to be an executive director on January 1, but remains on the board. Mr P. M. Hansson and Mr S. J. Scrimgeour have resigned as non-executive directors, the latter following his appointment as vice-chairman of LAZARD BROTHERS AND CO. (JERSEY). Mr D. A. Roberts will retire as an executive director on January 10 but remains on the board. Mr E. W. Phillips will resign from the board on January 29, on reaching 65.

The board of Lazard Brothers and Co. (Jersey) has also made changes. Mr V. Wylie, deputy chairman of Lazard Brothers and Co., has been appointed chairman. He succeeds Mr J. N. Butterwick who will retire on March 31. Mr D. H. Bushell has been appointed managing director in succession to Mr S. J. Scrimgeour, new vice-chairman with particular responsibility for business development. Mr M. C. Baughan and the Hon. M. D'a. Benson, executive directors of Lazard Brothers and Co., have been appointed to the board on the resignation of Mr D. W. Bulstrode from the boards of the company and its subsidiaries. As a majority of the directors of the company must be Jersey residents, Mr C. C. Blount has resigned and has been appointed consultant to and a director of LAZARD SECURITIES (JERSEY).

★

Mr Michael Ginn has been appointed managing director of BRITISH AIRWAYS HELICOPTERS following the retirement of Mr Russell Keefe. Mr Keefe was appointed chairman last July, this position has been taken over by Mr Fred Bonner, who will also continue as executive deputy chairman of the Central Electricity Generating Board. Captain Mike Evans, director of flight operations, and Dr Muir Parker, director of engineering, have joined the board as executive directors.

★

Mr E. J. Aaronson has relinquished the post of chairman and chief executive of the GRA GROUP, but continues as executive chairman. Mr Charles Chandler is appointed managing director.

★

Mr G. W. O'Donovan has been appointed a director of H.P. INFORMATION and its subsidiary company HPI.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

YESTERDAY

DIVIDEND & INTEREST PAYMENTS—

Airflow Streamline 12pc Cum Prf 6pc
American Telephone and Telegraph 135cts
Babcock Intnl 6pc Cum Prf 2.1p. 5pc Cum Prf 1.75p. 4pc Cum Red Prf 1.75p
Baxter Travenol Laboratories Inc 11.5 cts
Birmingham District Council Flts Rate 88-89 £7.00
Boustead 6.5p
Cons Foods Corp 58 cts
Crown Zellerbach 25 cts
Delta 1.82p

Manchester Ship Canal 1st 3½pc Perp Mtg Deb (Reg) 1¾pc. 3½pc Perp Deb 1¾pc. Do Perp 1st Mtg Deb (Reg) 2pc. 4pc Perp. 2nd Mtg Deb (Reg) 2pc. 4pc Perp Deb 2pc
Martonair Intnl 6.05p
Nicholas Reprographics 1.25p
More O'Ferrall 6.88p
Morgan Crucible 3.5p
Mowlem (J) 2.1p
Macklow (A. and J.) 2.25p
Needlers 6pc Cum Prf 2.1p
Philips Lamps 50 cts
Phoenix Assurance 7.3p
Powell Duffryn 4¼pc Cum Prf 0.83125p
Property Security Inv Tst 4p

Interims:
Nighosta Optical Inds

DIVIDEND & INTEREST PAYMENTS—

Allied Irish Banks Fltg Rate Nts 1987 $84.65
Amber Inds 1p
Aquascutum 0.76p. A Ord 2.75p
Atlanta, Balt & Chic Reg Inv Tst 1.1p
BSA Group 0.84p
Blue Circle Inds 6¼pc Uns Ln (1975 or aft) 3⅛pc
British Inv Trust 4.8p

PRICE CHANGES

BRITISH COMMODITY MARKETS

AMERICAN MARKETS

BASE METALS

COPPER

SILVER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

COCOA

COFFEE

GRAINS

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

WOOL FUTURES

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

Dec. 30	Dec. 29	M'th ago	Y'ar ago
1011	1016.4	982.2	985.2

(December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 30	Dec. 29	Month ago	Year ago
Spot	136.34	136.88	128.84	359.85
Fut're	136.48	141.06	133.66	366.87

(Base: December 31 1974 = 100)

Confidence on Chicago petrol trading

By Nancy Dunne in Washington

THE Chicago Board of Trade's foray into energy futures has thus far produced less than spectacular returns, but exchange officials insist that their new unleaded gasoline contract has made a respectable debut.

On December 7, the first day of trading, the contract reported a volume of 1,500. From there, however, it slipped to 258 and 320. By mid-December it had struggled back to 534 trades. Open interest, indicating strong hedging interest, had built to a solid 1,229.

The CBT has some way to go before it can catch up with the New York Mercantile Exchange whose two energy contracts, heating oil and leaded regular gasoline, have been breaking volume records for months.

Chicago officials expect business to pick up in the New Year. According to Mr Louis Skydell, chairman of the exchange's energy products committee, "there are a lot of big inventories around, and people have lost money on them. At some price it's conceivable that someone else would have been willing to risk owning that inventory through the futures market.

LONDON OIL SPOT PRICES

	Latest	Change + or −
Arabian Light	30.50-30.60	+ 0.00
Iranian Light	29.00	−0.50
Arabian Heavy	28.00-28.70	−0.00
North Sea (Forties)	30.70-31.00	− 0.02
African Bonny Light	32.50	+ 0.66

PRODUCTS—North West Europe CIF ($ per tonne)

Premium gasoline	300	—
Gas oil	292	+ 1.0
Heavy fuel oil	171	—

* No price reported yesterday.

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
Feb.	272.00	−2.50	176.25-71.25
March	264.75	−2.75	263.50-64.50
April	260.00	−2.00	260.00-60.00
May	257.00	−1.25	257.00-56.50
June	—	—	—
July	—	—	—
Aug.	—	—	—

Turnover:— 987 (—) lots of 100 tonnes.

GOLD MARKETS

Gold fell $6¼ an ounce from Thursday's close in the London bullion market on Friday to close at $447½-448½. The metal opened at $455-456, its best level of the day, and eased in very thin featureless trading to finish at the day's low.

In Frankfurt the 12½ kilo bar was fixed at DM 34,950 per kilo ($457.05 per ounce) against DM 34,955 ($457.90) and closed at $448-450.

In Paris the 12½ kilo bar was fixed at FFr 97,250 per kilo ($448.78 per ounce) in the morning against FFr 95,600 ($456.02) on Thursday afternoon.

In Zurich gold finished at $448-451.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
January	448.00-01.0	- 3.15	—
February	451.80-2.00	- 1.50	451.00-6.00
March	455.00-6.00	-0.50	—
April	458.30-0.30	- 1.70	460.00-3.00
May	461.80-3.30	-0.95	—
June	465.00-7.00	-0.50	—
July	468.00-70.0	-1.50	—

Turnover: 117 lots of 100 troy ounces.

	Dec. 31		Dec. 30	
Gold Bullion (fine ounce)				
Close	$447½-448½	(£277¼-277¾)	$454-455	(£280-280½)
Opening	$455-456	(£281¼-281¾)	$452½-480½	(£283¼-284)
Morning fixing	$448	(£277.485)	$457.25	(£282.168)
Afternoon fixing	—	—	$456.90	(£281.516)

EUROPEAN MARKETS

PARIS, Dec 31.

Cocoa—Dec unquoted, March 1231-1235, May 1260-1265, July 1270-1285, Sept 1300 bid, Dec 1345-1365, March 1370-1380. Sales at call: Nil.

Sugar—March 1525-1530, May 1559-1565, July 1590-1605, Aug 1630-1645, Oct 1695-1696, Nov 1688-1695, Dec 1740-1760, March 1820-1835. Sales at call: Nil.

COTTON

sales were registered. Absence of demand accentuated the limited offtake, and few signs of interest were evident, apart from some call for North American and African qualities.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.47p per kg lw (—2.55). GB—Sheep 153.58p per kg est dcw (+4.36). GB—Pigs 71.72p per kg lw.

LONDON STOCK EXCHANGE

Last 1982 session ends with Gilts faltering and leading shares firm

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 13	Dec 29	Dec 30	Jan 10
Dec 31	Jan 13	Jan 14	Jan 24
Jan. 17	Jan. 27	Jan. 28	Feb. 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

The last trading session of 1982 in London stock markets saw Government securities faltering after their earlier sustained advance and leading shares often firmer for choice. Sharply increased U.S. broker loan rates on Thursday owing to seasonal technical influences pushing up the cost of overnight bank money there were sufficient reason for Gilt-edged to react. Sterling's easiness on mounting fears that the Opec reference price of $34 per barrel might soon be in jeopardy was another adverse factor.

Short-term investors were tempted to realise profits built up over the previous uninterrupted seven-day rise. The sales met with little resistance because most institutional operators had fulfilled their end-year needs and longer-dated Gilts sustained falls ranging to ⅞. Short-dated issues ended around ⅛ lower with the exception of the volatile Treasury 12¼ per cent Convertible 1986 stock, which dropped 1¼ points to 109¼.

The early tone in many equity sectors was indecisive with sentiment affected by Wall Street's dullness on Thursday. Blue chip industrials soon regained fractional falls, however, and went better under the lead of ICI, which attracted fresh investment support. New Year recommendations produced a reasonable number of good features, while several current speculative and situation stocks also made noteworthy progress. Measuring the tone, the FT Industrial Ordinary share index recovered an early loss of 2.4 to close a net 3.1 up at 596.7; on the year, this measure rose 66.3 points, or 12½ per cent.

Banks improve

The major clearing banks regained some composure after the previous day's setback on reports, now confirmed, that Brazil is to halt principal payments on in medium- and long-term foreign debt. Midland, at 298p, retrieved 6 of the previous day's decline of 8. Bank Leumi (UK) closed unaltered at 135p; the price in last Friday's issue was incorrect.

Imitation jewellery concern Ciro, the subject of an 80p per share cash offer from Swarofski International, put on 4 to 102p on the announcement that an associate of Mr J. P. Marque, who has since the bid acquired a 14.6 per cent stake in Ciro, had bought 10,000 shares at 106p per share.

The Building sector displayed isolated firm spots. Rumours that the company would appear as a New Year investment recommendation sparked support for M. J. Gleeson, which put on 7 to 160p. Revived demand in a limited market lifted housebuilders McCarthy and Stone 24 to 480p xd.

ICI continued to attract investment demand and rose 6 for a three-day gain of 16 to 360p.

UDS firm

Leading Stores began the new Account on a quietly firm note. Still anticipating a Woolworths-type consortium takeover approach, UDS spurted 5½ in a relatively active business to 89p xd. Scattered interest was also noted for Habitat Mothercare, 6 up at 238p, and W. H. Smith "A," 4 dearer for a three-day gain of 16 at 268p. Electrical retailers remained to the fore reflecting buoyant demand for "white" goods and video equipment; Comet featured with an advance of 12 at 270p. Among the more speculative counters, Mellins attracted revived demand and jumped 14 to 115p.

Demand ahead of the interim figures scheduled for January 14 helped Thorn EMI to feature the Electrical leaders with a rise of 10 to 433p. Elsewhere, Pifco, attracted buying and, in a thin market, gained 32 to 230p with the A 30 up at the same level. Arlen were again well to the fore on further consideration of the profits potential of its new long-life starter for fluorescent lamps and the close was 21 better at 175p. Still drawing strength from recent comment, Pressac advanced 7 more to 58p and Multitone Electronic gained 17 further to 175pxd. Electro-Protective, on the company's U.S. prospects, rose 14 to 214p, while parent company Hawley put on 7 in sympathy to 116p. The current boom in video sales helped Fidelity Radio to rise 7 to 75p. Suspended on November 15 at 203p, dealings were resumed yesterday in Security Centres following the completed £4.5m acquisition of National Guardsman of New York; after opening at 265p the close was 260p. Against the trend, Knight Computer met sellers and dropped to a 1982 low of 25p before ending a net 5 down at 27p.

Despite the paucity of business, Engineers recorded several features. Cocksedge, still reflecting the announcement that Suffolk Securities and associates had acquired a stake in the company, advanced afresh to 35p before closing 13 higher at 32p for a two-day jump of 21. GM Firth revived with a rise of 17 to 197p in a limited market, while W. Williams firmed 6 more to 30p and Tex Abrasives came to life with a rise of 4 to 37p xd.

Bio-Isolates, a volatile market the previous day, made a steadier showing and firmed 15 to 270p, but Danish Bacon A, a rising market recently on speculative interest, gave up 6 to 84p. Still reflecting the company's move into the cider market, Avana gained 6 to a high for the year of 433p, while Slaters Food, traded in the Unlisted Securities Market, put on 10 to 142p.

Dry-cleaners good

Dry-cleaning issues claimed a fair amount of attention in miscellaneous industrials on hopes of more merger developments within the industry and further public authority contracts. Still awaiting a decision on the proposed bids from Sunlight Services and Initial Services, Johnson Group Cleaners rose 14 more to 305p, while Breagreen put on 3 to 66½p and Initial 7 to 346p xd. Still reflecting an investment recommendation, Hoover A rose 5 for a two-day jump of 22 to 107p. James Wilkes continued firmly at 197p, up 12, while Polly Peck, one of the old year's star performer's, closed 1¼ points dearer at £23. Combined Technology gained 6 to 68p. In contrast, Turner and Newall lost another 2 to 32p, after 30p, following adverse comment on the decision to sell its stake in Philip A. Hunt of the U.S. to Olin Corporation for about £55m.

Nimslo International staged a useful rally from its 1982 low in closing 23 higher at 128p.

Selective support was again apparent for Motor Distributors, reflecting hopes of increased sales in the new year. Henlys firmed 5 more to 88p, while Godfrey Davis rose 5 for a two-day gain of 9 to 85p.

A relatively brisk business developed in DRG which closed 5 to the good at 81p following the announcement of the proposed disposal of its South African subsidiary.

Property group R. Green hardened 3 to a 1982 peak of 113p in the wake of the board's fierce opposition to C. H. Beaser's bid, currently worth about 97p per share.

Selected Shippings finished the year with a useful revival. Ocean Transport, a better market since the appointment of a new finance director, picked up 6 more to 80p, while P & O Deferred took a distinct turn for the better at 108p, up 4.

Mines quiet

Mining stocks were very quiet before the holiday weekend and most issues ended slightly lower on the day.

One or two South African Golds showed small gains, as in Hartebeest, up ½ to £43¾, and Driefontein, ⅛ higher at £19⅞, while among the lower-priced issues Simmer and Jack at 277p, Consolidated Modderfontein at 291p, Vlakfontein at 186p and Witwatersrand Nigel at 130p were all around 10 to the good at new peaks for the year.

The sector mostly edged downwards in line with the bullion price, which closed at midday at $448 for a fall of $6.50.

Vaal Reefs lost almost a point at £69¾, while declines of about ½ were common to Free State Geduld at £31⅞, Kloof at £26½, Doornfontein at £14½, Southvaal at £37½, Venterspost at £10 and President Steyn at £32. Most of the movement was in reaction to the previous day's all-time record in the Gold Mines index, which closed on Friday 5.7 lower at 556.5.

South African Financials were lower in line with the Golds, as in Johnnies, a point off at £52¾, and Gold Fields of South Africa, down ½ at £56½.

Elsewhere, U.S. interest left Minorco up 3 more at 731p, while speculative buying boosted Northgate 20 to 370p, both new highs for the year.

London Financials were rather neglected in line with other UK equities, although Rio Tinto-Zinc managed a gain of 5 to 455p.

Traded Option operators continued to show interest in Lonrho, which attracted 365 calls and the February 100's again proved popular with 176 contracts done. Support was also evident for Grand Metropolitan positions, especially the April 330's which accounted for 105 calls. Total contracts struck on Friday amounted to 1,290.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 10	Jan 21	Apr 21	May 3
Jan 24	Feb 4	May 5	May 16
Feb 7	Feb 18	May 19	May 31

For rate indications see end of Share Information Service

Money was given for the call in Nimslo, Lonrho, Security Centres, Kia Ora Gold, GEC, Combined Technology, Grovebell, Turner and Newall, North Kalgurli, John Brown, MFI, Fobel International, Benlox, London and Liverpool, Premier Oil, Inter-City, Meekatharra, Pineapple Dance Studios, Immediate Business Systems, Western Areas, Pleasurama, Ocean Transport, Grand Metropolitan, Astra Industrial and Imperial Group. Puts were arranged in Phoenix Timber and Turner and Newall, while doubles were struck in Britoil and North Kalgurli.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Fri Dec 31 1982; Thur Dec 30; Wed Dec 29; Fri Dec 24; Thur Dec 23; Year ago (approx.); Highs and Lows Index

[illegible]

FIXED INTEREST

[illegible]

FINANCIAL TIMES STOCK INDICES

	Dec. 31	Dec. 30	Dec. 29	Dec. 24	Dec. 23	Dec. 22	A year ago
Government Secs.	81.19	81.79	81.79	80.33	80.24	80.11	62.37
Fixed Interest	81.93	82.18	82.09	81.62	81.66	81.45	63.12
Industrial Ord.	596.7	593.6	593.7	590.2	588.4	583.4	530.4
Gold Mines	556.5	562.2	552.9	535.3	528.1	529.7	307.5
Ord. Div. Yield	5.05	5.07	5.07	5.09	5.10	5.06	5.65
Earnings, Yld.% (full)	10.86	10.92	10.92	10.96	10.99	10.91	9.91
P/E Ratio (net) (*)	11.05	10.98	10.99	10.95	10.92	11.00	12.88
Total bargains	18,003	14,759	12,767	7,555	16,655	15,534	11,422
Equity turnover £m.	—	143.25	82.84	60.06	138.42	139.68	43.8
Equity bargains	—	16,276	6,577	6,928	12,073	13,018	8,217
Shares traded (ml)	—	110.3	64.8	42.2	109.2	104.1	42.0

10 am 591.2. 11 am 593.6. Noon 595.4. 1 pm 595.7. 2 pm 596.1. 3 pm 598.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1055. SE Activity 1974.

Latest index 01-246 8026.

Nil=10.25

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.94 (3/11)	81.89 (8/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.02 (12/11)	68.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	637.4 (12/11)	518.1 (5/1)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines	562.2 (30/12)	181.9 (22/6)	562.2 (30/12/82)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 30	Dec. 26
—Daily		
Gilt Edged Bargains	140.5	111.6
Equities Bargains	105.5	62.0
Value	289.8	167.4
5-day Avrge.		
Gilt Edged Bargains	125.2	129.5
Equities Bargains	73.7	60.6
Value	227.3	220.0

RISES AND FALLS LAST FRIDAY

	Rises	Falls	Same
British Funds	—	86	11
Corpns. Dom. & Foreign Bonds	8	19	49
Industrials	245	185	897
Financial & Props.	118	60	340
Oils	18	29	62
Plantations	4	5	14
Mines	50	48	52
Others	61	53	67
Totals	506	483	1,492

LEADERS AND LAGGARDS

Percentage changes over 1982.

Health and H'sehold Products	+91.64
Gold Mines Index	+80.98
Tobaccos	+70.45
Brewers and Distillers	+65.24
Stores	+67.80
Food Retailing	+55.92
Consumer Group	+49.32
Insurance (Life)	+41.80
Contracting, Construction	+36.85
Electricals	+36.00
Other Consumer	+34.83
Industrial Group	+34.86
Building Materials	+33.27
Newspapers, Publishing	+30.66
Chemicals	+28.16
500 Share Index	+27.44
Investment Trusts	+25.31
Other Groups	+25.27
Food Manufacturing	+22.59
All-Share Index	+22.07
Capital Goods	+19.67
Discount Houses	+17.96
Insurance Brokers	+17.48
Insurance (Composite)	+18.70
Leisure	+10.44
Textiles	+ 9.57
Packaging and Paper	+ 6.46
Financial Group	+ 6.03
Mining Finance	+ 0.28
Shipping and Transport	+ 0.24
Mechanical Engineering	− 0.20
Merchant Banks	− 2.46
Other Industrial Materials	− 3.04
Overseas Traders	− 0.51
Banks	− 3.55
Oils	− 5.75
Property	− 6.76
Metals and Metal Forming	−11.51
Engineering Contractors	−12.18
Motors	−17.64
Office Equipment	−32.78

EUROPEAN OPTIONS EXCHANGE

Series; Mar. Vol. Last; Jun. Vol. Last; Sep. Vol. Last; Stock

[illegible]

VW C	DM.140	—	—	—	—	20	15	DM.148.50

TOTAL VOLUME IN CONTRACTS 5236

A=Asked B=Bid C=Call P=Put

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year
Alexanders Discount	Jan 25	Final 13.0
Assoc. Dairies	Jan 27	Interim 1.35
*Assoc. Newspapers	Jan 13	Final 6.8
Berisford (S. & W.)	Jan 14	Final 5
Brit. Elec. Traction	Jan 21	Interim 1.883
Brown (J.)	Jan 29	Interim 1.75
Dixons Photographic	Jan 14	Interim 1.379
Dowty	Feb 11	Interim 1.55
Fitch Lovell	Jan 28	Interim 1.491
Gestetner	Jan 20	Final 1.375
Gold Fields SA	Feb 2	Interim 165c
Guinness (A.)	Dec 15	Final 3.325
*Hickson and Welch	Jan 8	Final 5.0
*Hogg Robinson	Jan 11	Interim 3
*Imperial Gp.	Feb 10	Final 4.5
*Lloyds Bank	Feb 18	Final 12.75
Lonrho	Feb 11	Final 8.0
Lonsdale Universal	Feb 4	Final 0.5
MFI Furniture	Jan 19	Interim 1.1
*Magnet and Southerns	Jan 12	Interim 2
Marley	Dec 16	Final 1.25
Mercantile House	Jan 25	Interim due
Prop. Sec. Inv. Tst.	Jan 20	Interim 0.5
*Racal	Jan 18	Interim 1.265
*Rank Org.	Jan 25	Final 6.0
*Raybeck	Jan 7	Interim 1.131
SGB	Jan 12	Final 3.3
Samuel (H.)	Jan 11	Interim 1.5
Securicor	Feb 10	Final 1.23
Smith Bros.	Feb 4	Interim 0.5
Tate and Lyle	Jan 20	Final 1.5
*Thorn EMI	Jan 14	Interim 4.05
Trusthouse Forte	Jan 20	Final 4.5
*Union Discount	Jan 26	Final 17.0

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. ... 1983. Q Gross. T Figures assumed. Φ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (109)

AMERICANS (1)
CANADIANS (3)
BANKS (1)
BUILDINGS (5)
CHEMICALS (5)
DRAPERY & STORES (5)
ELECTRICALS (9)
ENGINEERING (4)
HOTELS (1)
INDUSTRIALS (16)
LEISURE (1)
PAPER (1)
PROPERTY (3)
SOUTH AFRICANS (2)
TRUSTS (20)
PLANTATIONS (1)
MINES (23)

NEW LOWS (18)

BUILDINGS (1)
Puchins
STORES (2)
Bambers Stores, Liberty
ELECTRICALS (1)
Knight Computer
ENGINEERING (3)
GEI Intl., Midland Inds., Lake & Elliot
INDUSTRIALS (3)
AIM, Sale Tilney, Brammer
PROPERTY (4)
Amal. Estates, Lon. & Prov. Shop, Kent (M. P.), Rush & Tompkins
OILS (4)
Anvil Pet., Goal Pet., Cambridge Pet., Imp. Cont. Gas

MONTHLY AVERAGES OF STOCK INDICES

—	December	Nov.	Oct.	Sept.
Financial Times				
Government Securities	79.57	83.14	82.48	78.52
Fixed Interest	81.51	85.20	83.36	79.11
Industrial Ordinary	582.8	618.7	601.8	580.6
Gold Mines	513.5	397.1	397.8	356.8
Total Bargains	19,427	23,860	22,682	18,487
F.T.— Actuaries				
Industrial Group	383.12	400.1	385.38	365.8
500 Share	419.65	427.59	414.55	394.85
Financial Group	268.43	263.81	260.33	252.36
All-Share (750)	379.40	383.35	373.12	356.81

	High	Low
Industrial Ordinary	609.1 (2nd)	577.7 (9th)
All-Share	385.34 (3rd)	370.73 (9th)

ACTIVE STOCKS

Above average activity was noted in the following stocks last Friday

Stock	Friday's Closing price	Day's change	Stock	Friday's Closing price	Day's change
Arlen Elec.	175	+21	ICI	360	+ 6
Combined Tech.	68	+ 8	Johnson Gp. Clnrs.	305	+14
DRG	81	+ 5	Nimslo	128	+23
Exco	337	+10	Pifco	230	+32
Firth (G.M.)	197	+17	Security Centres	260xd	—
Gleeson (M. J.)	160	+ 7	UDS	89xd	+ 5½

THURSDAY'S ACTIVE STOCKS

Based on bargains in S.E. Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
London & Liverpool	37	345	− 5	FNFC	17	44½	—
Mellins	22	101	− 1	Lasmo	17	282	−13
Combined Tech	21	62	+ 8	Burmah Oil	16	135	− 2
Multitone Elec.	21	163	+23	Lloyds Bk.	15	402	− 8
UDS	20	85	—	Nat. West Bk.	15	452	−16
Wilkes (J.)	20	185	+17	Polly Peck	15	£21½	− ¼
Sothebys	19	505	− 3	Rank Org.	15	108	—

FT COMMERCIAL LAW REPORTS

Michaelmas Term: digest of cases

FROM OCTOBER 12 TO NOVEMBER 5, 1982

Tracomin SA v Sudan Oil Seeds Ltd (FT, October 12).

The coming into effect of the Civil Jurisdiction and Judgments Act 1982 might have been "tailor-made" for the present case, Mr Justice Staughton said in the Commercial Court. He held that a Swiss court had no jurisdiction to hear disputes arising out of an English law contract which incorporated an arbitration clause under English law but not under Swiss law. Under Swiss law a specific mention of an arbitration clause in the contract was required, whereas in English law the clause could be incorporated indirectly. By the provisions of the 1982 Act, the judge said, the defendant sellers could not be regarded as having submitted to the Swiss court merely by appearing to request that the proceedings be dismissed, and the case submitted to arbitration in the UK.

★

Tradax Export SA v Italcarbo Societa Di Navagazione SPA (FT, October 13).

Under the terms of their charterparty, containing a Centrecon arbitration clause, the charterers had to make a claim in writing and to appoint an arbitrator within 12 months of final discharge. Two years after they had appointed an arbitrator to deal "with all claims" arising out of the dispute, the charterers made a further claim for off-hire. In granting an extension of time under Section 27 of the 1950 Arbitration Act, Mr Justice Lloyd held that the appointment of an arbitrator and the subsequent claim in writing were part of one and the same process.

★

Dormeuil Freres SA and Others v Dermire Menswear Ltd and others (FT, October 15)

No professional legal privilege covered the communications between the defendants and their trademark agents, who advised them on legal matters and acted for them in legal proceedings, Mr Justice Nourse held in the Chancery Division. Although the rule seemed a little odd and perverse, the judge said, he was unable to disregard established authority. Thus the plaintiffs succeeded in obtaining an order for disclosure of all correspondence, relevant to the proceedings, between the defendants and their trademark agents.

★

Leedale (Inspector of Taxes) v Lewis (FT, October 19).

The House of Lords, in interpreting the capital gains provisions of the Finance Act 1965, again stressed that its interpretation was intended to accord with the legislative purpose which governed the passing of the Act. It held that discretionary beneficiaries under a trust, where the trustee was living abroad, were liable to capital gains tax although they had not received a penny of the gain. Their liability, moreover, was applicable not only to fixed interests but covered the value of all interests under the trust.

★

Bremer Handelsgesellschaft MBH Hamburg v Continental Grain Co New York (FT, October 20)

As in similar cases which arose out of the soya bean embargo imposed by the U.S. Government in 1973, the plaintiffs tried to rely on the exemption clause of the GAFTA form 100 which protects sellers in the event of a government prohibition. The Court of Appeal, in dismissing their appeal, held that the sellers had failed to establish the identity of the relevant shipper, and that their notice of extension of time was inadequate to prove themselves as the direct shippers.

★

Official Solicitor v Stype Investments (Jersey) Ltd (FT October 22)

Mr Justice Whitford, in the Chancery Division, heard another step in the protracted legal proceedings concerning Sir Charles Clore's estate. He refused to set aside orders granting leave to serve a writ out of the jurisdiction on the executors of the estate, Stype Investments. The declaration of trust by Stype, which sold the Guys estate in the UK and held the proceeds as bare nominees during Sir Charles's lifetime, was a deed which affected land within the jurisdiction, the judge held, thereby justifying service of a writ outside it.

★

Moran v Lloyd's (FT October 26)

In an application for leave to appeal from an arbitral award in disciplinary proceedings Mr Justice Lloyd said that the House of Lords could not have had such a case in mind when it laid down the *Nema* guidelines, for granting leave to appeal from an arbitral award in "one-off" cases. As the application for leave to appeal against the award failed both to contain a clear cut question of law and to establish a *prima facie* case that the umpire was wrong, he would refuse Mr. Moran's application. The judge also refused to grant an injunction to restrain Lloyd's convening a special meeting to consider Mr Moran's exclusion from membership.

★

Compania Naviera General SA v Kerametal Ltd (FT October 27)

The shipowners argued in the Court of Appeal that $45,524 freight charges, payable within five days after signing the bills of lading, were still owing to them despite the fact that the vessel had been lost at sea within the specified period. Sir John Donaldson, MR, said that under the terms of the charterparty, no obligation to pay advance freight arose until five days had expired. By then, however, the contract had been frustrated by the loss of the vessel.

★

La Pintada Compania Navegacion SA v. President of India (FT, October 29).

The charterers made an offer to settle their dispute with the shipowners, after arbitration had commenced, in July 1979. The owners accepted this offer only in April 1982. The umpire, in awarding compound interest, appeared not to have taken into account the owners' culpable delay in accepting the settlement, Mr Justice Staughton held in the Commercial Court. The case would be remitted to the arbitrator for a reassessment, in which it might be preferable to reduce the rate rather than the period of time for which interest was awarded.

★

Catlin v. Cyprus Finance Corporation (London) Limited (FT, November 2).

Mrs Catlin and her husband signed a mandate ordering the bank to honour cheques on their joint account—only if they bore both their signatures. However, the bank transferred almost all the funds from the account on the husband's instructions only. Mr Justice Bingham held that the bank was liable for breach of its mandate because it had made, in effect, a separate agreement with Mrs Catlin not to honour any order unless and until it obtained the signatures of both account holders.

★

Filikos Shipping Corporation of Monrovia v. Shipmair BV (FT, November 3).

The plaintiff owners lost their appeal from a decision that they were not entitled to be fully reimbursed by the charterers for a parcel of rice which became contaminated when it was being offloaded from the Filikos. The charterparty provided that the owners were to be responsible for the loss or damage to goods but that the charterers were to arrange and pay for unloading. Sir John Donaldson, MR, said that liability for improper handling of the rice during discharge was squarely on the owners, notwithstanding that the charterers had employed the stevedores, whose negligence caused the damage.

★

Paterson Zochonis and Co Limited v Merfarken Packaging Limited (FT, November 5).

The defendants were printers, who received an order to produce cartons and leaflets. Unbeknown to them, the cartons and leaflets they were ordered to print came from competitors of the plantiffs, who then claimed damages for breach of copyright. The statement of claim also alleged that the printers were jointly liable with their competitors because they ought to have foreseen that the plaintiffs would suffer loss if the goods were printed. However, the Court of Appeal held that the printers were not under any general common law duty to inquire into the use their customers made of articles that they innocently produced.

Further digests of cases reported in the Michaelmas Term will be published tomorrow and on Friday.

By Aviva Golden

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

هكذا من الاصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 — 01 623 1288

Black Horse Man. Fd.		211.97		
Managed Inv. Fd.	144.61	152.25		—
Property Fd.	144.01	157.59		—
Fixed Interest Fd.	134.31	141.38		—
Cash Fd.	129.93	136.77		—
Income Fd.	136.87	144.08		—
Extra Income Fd.	128.35	135.32		—
Worldwide Growth Fd.	175.31	184.54		—
Balanced Fd.	153.18	161.29		—
Smlr Co's & Recv. Fd	157.86	166.17		—
Inl. Technology Fd.	196.02	206.34		—
Nth. Amer. & Gen. Fd.	127.42	134.13		—
Energy Int. Fd.	83.24	87.63		—
Pacific Basin Fund	105.24	110.78		—

British National Life Assurance Co. Ltd.
British National Hse., Haywards Heath
0444 414111

Equity	95.0	100.0		—
International	95.0	100.0		—
Property	95.0	100.0		—
Deposit	95.0	100.0		—
Fixed Interest	95.0	100.0		—
Managed	95.0	100.0		—
Equity Pens Cap	95.0	100.0		—
Property Pens Cap	95.0	100.0		—
Deposit Pens Cap	95.0	100.0		—
Fixed Int. Pens Cap	95.0	100.0		—
Managed Pens Cap	95.0	100.0		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Dec. 7		81.4		—
Rimt. Fed. Dec 6		197.3		—
Managed Pen Fund	160.2	168.6		—
Property Pen Fund	111.1	116.9		—
Index Lnkd Pen Fund	114.3	120.3		—
Managed	104.8	110.4	+0.1	—
Property	97.6	102.8		—
Gilt and Fixed Interest	97.8	103.0	−0.3	—
Index-Linked	100.4	105.7	+0.2	—
Equity	104.4	109.9	+0.4	—
Cash	96.5	101.6		—
Midland Bk. Unit Tst.	100.7	106.1	−0.3	—
Midland Bank Intnl.	112.6	118.6	−0.2	—

Canada Assurance Ltd.

Guardian Royal Exchange
Royal Exchange, EC3 — 01-283 7101
Guardian Assurance

Property Bonds	298.6	171.0	+0.2	

GRE Linked Assurance Limited

Managed Initial	178.6	188.3	+1.9	—
Do. Accum	195.0	205.3	+2.1	—
Equity Initial	225.2	237.1	+3.0	—
Do. Accum	245.6	258.5	+3.2	—
Fixed Int. Initial	180.1	189.5	+1.1	—
Do. Accum	196.4	206.7	+1.3	—
International Initial	168.3	177.2	−0.9	—
Do. Accum	183.5	193.2	−1.0	—
Property Initial	121.2	127.6	+1.7	—
Do. Accum	132.2	139.2	+2.2	—
Deposit Initial	119.2	125.5		—
Do. Accum	130.0	136.8		—

GRE Pensions Management Ltd.

Pens. Managed Initial	173.3	182.4	+1.1	—
Pens. Managed Acc.	184.7	194.4	+1.2	—
Pens. Equity Initial	200.4	210.9	+0.3	—
Pens. Equity Acc.	213.6	224.8	+0.3	—
Pens. Fxd. Int. Initial	177.9	187.3	+0.6	—
Pens. Fixed Int. Acc.	189.6	199.6	+0.6	—
Pens. Int'l Initial	156.4	164.7	−1.1	—
Pens. Int'l. Acc.	166.7	175.5	−1.2	—
Pens. Prop. Initial	121.0	127.4	+2.2	—
Pens. Prop. Acc.	129.0	135.8	+2.6	—
Pens. Depos. Initial	129.2	136.0	+0.7	—
Pens. Depos. Acc.	137.7	144.9	+0.1	—

Hambro Life Assurance P.L.C.
7 Old Park Lane, London, W1Y 3LJ — 01-499 0031

Fixed Int. Dep.	176.8	[illegible]		—
Equity	323.7	[illegible]		—
Property	268.2	[illegible]		—
Managed Cap.	306.6	[illegible]		—
Managed Acc.	300.8	[illegible]		—
Overseas	225.1	[illegible]		—
Gilt Edged	193.7	[illegible]		—
American Acc.	146.3	[illegible]		—
American Man.	104.4	[illegible]		—
American Prop.	95.8	[illegible]		—
American Eq.	186.3	[illegible]		—
Pen.F.I.Dep.Cap.	191.7	[illegible]		—
Pen.F.I.Dep.Acc.	261.6	[illegible]		—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. — 0272-279179

Equity	189.1	194.7		—
Fixed Interest	148.4	149.1		—
Property	154.9	161.6		—
Deposit	136.4	136.4		—
Mixed	167.2	170.7		—
Indexed Stk.	109.3	109.8		—

London Life Managed Funds Ltd.

Equity (P.)	136.3	141.0		—
Fixed Int. (P.)	149.6	150.7		—
Property (P.)	114.1	118.7		—
Deposit (P.)	113.0	113.0		—
Mixed (P.)	133.3	136.7		—
Indexed Stock (P.)	113.5	114.7		—

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. — 0392 52155

Invest. Tst. Fd. Cap.	[illegible]	—	+1.1	—
Invest. Tst. Fd. Acc.	[illegible]	—	+1.2	7.1
Property Fund Cap.	[illegible]	—	+0.1	—
Property Fund Acc.	[illegible]	—	+0.1	3.0
Flexible Fund Cap.	[illegible]	—		—
Flexible Fund Acc.	[illegible]	—	+0.1	2.3
Fixed Int. Fd. Cap.	[illegible]	—	−0.1	—
Fixed Int. Fd. Acc.	[illegible]	—		—
Gtd. Deposit Fd. Cap.	[illegible]	—		—
Gtd. Deposit Fd. Acc.	[illegible]	—		—
Equity Fund Cap.	[illegible]	—	+0.4	—
Equity Fund Acc.	[illegible]	—	+0.5	—
International Fd. Cap.	[illegible]	—	−0.5	—
International Fd. Acc.	[illegible]	—	−0.5	—
Capital Gwth. Fd.	[illegible]	—	−0.2	—
Moneymaker Fund	152.8	—		—
Exempt Inv Tst Cap.	332.6	—	+0.9	3.5
Exempt Inv Tst Acc.	100.0	—		—
Exempt Inv Tst NS	100.0	—		—
Exempt Ppty Cap.	179.4	—	+0.1	1.4

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. — 01-680 0606

Property Fund		287.2		—
Property Fund (A)		280.1		—
Agricultural Fund		1044.2		—
Agric. Fund (A)		1019.4		—
Abbey Nat. Fund		223.7		—
Abbey Nat. Fd. (A)		222.4		—
Investment Fund	121.8			—
Investment Fund (A)	120.2			—
Equity Fund	357.7			—
Equity Fund (A)	351.7			—
Money Fund		203.8	+0.4	—
Money Fund (A)		200.4	+0.3	—
Actuarial Fund		190.4		—
Gilt-edged Fund		181.0	−0.5	—
Gilt-Edged Fd. (A)		181.0	−0.5	—
Retire Annuity		344.5		—
Immed. Ann'ty		196.0		—
International Fd.		201.3	−6.0	—

Prop. Growth Pensions & Annuities Ltd.

All Weather Ac. Uts.	231.3	243.5		—
Inv. Fd. Uts.		260.9		—
Pension Fd. Uts.		232.3		—
Conv. Pens. Fd.		258.4		—
Cnv. Pns. Cap. Ut.		199.5		—
Man. Pens. Fd.		278.7		—
Man. Pens. Cap. Ut.		225.6		—
Prop. Pens. Fd.		260.0		—
Prop. Pens. Cap. Uts.		203.8		—
Bldg. Soc. Pen. Ut.		231.3		—
Bldg. Soc. Cap. Ut.		183.1		—
Gilts Pens. Fd.		157.5		—
Gilts Pens. Fd. Cap.		141.7		—
Equity Pens. Fd.		207.0	+0.3	—
Equity Pens. Fd. Cap.		186.7	+0.2	—

Providence Capitol Life Assc. Co. Ltd.
30 Uxbridge Road, W12 8PG — 01-749 9111

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. — 031-225 7971.

Managed	174.6	183.8		—
Property	139.5	146.9		—
Equity	198.1	209.2		—
International	178.2	187.6		—
Fixed Interest	153.9	162.1		—
Index Linked	99.1	104.4		—
Cash	124.7	131.3		—
Pension Managed	194.6	204.9		—
Pension Property	139.0	146.4		—
Pension Equity	218.4	229.9		—
Pension Intl.	204.9	215.7		—
Pension Fxd. Int.	160.0	168.5		—
Pension Index Linked	100.1	105.4		—
Pension Cash	136.9	144.1		—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. — 0403 64141

Index Linked Fund	104.8	110.4	+0.1	—
Equity Fund	265.5	279.5	+0.1	—
Fixed Interest Fund	182.2	191.8	−1.2	—
Property Fund	209.1	220.2	+0.5	—
International Fd.	149.7	157.6	−0.4	—
Deposit Fund	138.1	145.1		—
Managed Fund	209.7	220.8	−0.5	—
Intl Bond Dec 29	£37.02	—		—

Individual Pension Funds

Index Linked	121.2	127.6	+0.2	—
Equity	123.2	129.7	+0.2	—
Fixed Int.	139.7	146.5	−1.0	—
Property	102.3	107.7		—
International	120.9	127.3	−0.4	—
Deposit	104.7	110.3		—
Managed	124.8	111.4	−0.3	—

*Group Pension funds—Prices available on request.

Sun Life of Canada (UK) Ltd.
2, 3, 4, Cockspur St., SW1Y 5BH — 01-930 5400

Bishopsgate Commodity Ser. Ltd.
P O Box 42, Douglas, I o M — 0624-23911

ARMAC* Dec 6	$50.92	54.35		—
COUNT** Dec. 6	£3.385	3.506		1.50
CANRHO** Dec 6	$1.642	1.742		—
MAPSA* Oct 4	$10.18	10.82		—

Original issue *$10 and **£1. Next val. Jan 4

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bashi Nov 30		Y30,597		—
Nippon Fd Dec 29	$24.79	25.81		1.05

Britannia Intl. Investment Mngmt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey C.I. — 0534-73114

U.S. Dollar Denominated Funds

Am. Smller Cos. Fd*	$1.801	1.937	−0.03	—
Dollar Inc. Fd.	$0.885	0.862	+0.009	11.78
$ Mngd. Currency Fd.	9.98	10.57	−0.03	6.18
First Intnl.	$23.61	24.88		—
Gold Fund*	$1.298	1.396	−0.05	3.80
Normandie Intl $Fd.†	$10.54	11.09		—
Universal Grwth. Fd.	$0.914	0.983	+0.38	—

New dealing Dec. 20.

Sterling Denominated Funds

American Investments	67.2	70.7	+0.5	3.00
Australian Perf. Fd.	67.7	72.8	+1.2	—
Far East Fund	97.7	105.0	+2.5	1.00
First Sterling	£20.95	22.09		—
Jersey Energy Tst	15.6	16.8	−0.3	1.50
Jersey Gilt*	22.5	23.9	−0.1	11.51
U.K. Growth Fund	47.2	50.8	−0.8	3.54
USM Fund*	114.4	128.4	−1.1	—

Sterling Deposit Funds

Managed Cmcy. Fd.*	£12.80	13.48	+0.02	6.50
Capital Dep. Trust**	£14.97	14.92		0.25

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O Box 86, Guernsey. — 0481-26521

Capital Reserve Fd †	15.75	15.77		0.72
C.I. Fund	283.7	303.3		2.71
Special Sits. Fund	98.0	104.0		2.69
Sterling Income Fund*	115.7	120.9		12.41
Dollar Income Fund	$1.081	1.127		71.98
Trans. Nat. Trust	$1.085	1.143		2.80
Intnl. Bond	$113.95	119.95		8.81
Int. Equity	$17.58	18.51		1.98
Int. Svgs. 'A' $US	$1.58	1.66		—
Int. Svgs. 'B'	$1.95	2.05		—
Galleon Ass. Fund 'A'	$1.045	1.008		—
Galleon Ass. Fund 'B'	$1.015	1.060		—

†Excludes initial charge on small orders.

Henderson Admin. & Man. (Guernsey)
7 New St., St. Peter Port, Guernsey — 0481 26541/2

American (US cents)	154.6	164.5		—
Ntrl. Res. (U.S. cents)	113.5	120.7		—
Gilt Fund	£10.67	11.31		11.05

Henderson Baring Group
801, Gloucester Tower, 11, Pedder St., Hong Kong.

Australia*	$7.39	7.97	+0.18	—
Hong Kong	$10.17	10.91		—
Japan Tech.	$19.22	20.54		—
Japan Fund	$28.27	30.29		—
Malay Sing.	$17.18	18.57		—
Pacific Fd.	$11.551	12.128		—
Bond Fd.	$11.621	12.302	+0.160	10.07

Weekly dealings

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.

Guernsey Tst.	243.4	260.4	+2.7	3.00

Hill Samuel Investment Mgmt. Intnl.
P.O Box 63, Jersey. — 0534 76029

UK Equities (C.I.) Fd.	163.3	174.8		3.50
UK Gilt (Jy. Fxd. Int.)	110.0	116.0		10.25
Int. Man. (Growth Fd.)	140.9	149.0		—

Int. Currency Fund

D. Mark	41.34	—		—
C Sterling	10.51	—		—
Swiss Franc	35.30	—		—
U.S. $	21.10			

Quest Fund Man. (Jersey) Ltd.
PO Box 194, St Helier, Jersey — 0534 27441

Quest Stlg. Fxd. Int.	£0.854	0.908		4.96
Quest Intl. Secs.	$0.981	1.055		1.14
Quest Intl. Bd.	$0.868	0.419		11.97

Prices on December 29. Next dealing date January 5.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. — 01-600 4777

Rec Fd Int Dec. 1	$1509.62	$30		1.98

Next dealing date January 4

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. — 0624 23914

Coin Trust	32.1	34.4		—
Diamond Bond	77.8	83.5		—
Gold Bond	269.3	283.4	−5.1	—
Managed Fund	123.1	132.1		—
Petroman Oil Trust	78.3	82.4		—
Do. $	1.270	1.338		—
Sapphire Trust	152.5	161.0		—
Silver Trust	257.4	272.7	−3.2	—
Sterling Deposit Bd.	157.55	165.9		10.17
UK Gilt Fund	152.7	162.3	−0.8	—

Rothschild Asset Management (C.I.)
P.O Box 58, St. Julians Ct., Guernsey. — 0481-26741.

O.C. America Fd.*	$2.73	2.90		1.51
O.C. Sm. Co.***	150.5	159.5		1.92
O.C. Commodity†	90.2	95.9		3.35
O.C. Dir. Comdty.*	$32.33	34.39		2.79
O.C. Hong Kg. Fd.††	HK$3.02	29.79		—

**O.C. International Reserves Ltd

Bel. Francs (Fin)	887.49	Japanese Yen	6061.53
Canadian $	34.995	Singapore $	60.89
D-Mark	49.465	£ Sterling	13.553
Dutch Guilder	49.095	Swiss Francs	45.024
French Francs	144.16	U.S. $	27.67
Italian Lira	11.290		

*Prices December 31. Next dealing January 1. †Prices on Dec. 14. Next dealing Dec. 31. **Daily dealings. ***December 15. Next dealings December 31. ††Dealings every Wednesday.

Royal Bank of Canada Funds
RBC Invest Managers Ltd.
PO Box 246, St Peter Port, Guernsey — 0481 23021

Intl Income Fd.	$9.68	10.31		—

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	1982 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99 3/16	91	Exch. 3pc 1983	99 3/16		3.03	9.86
101¼	95¼	Treasury 12pc 1983‡‡	100⅛		11.96	10.13
100⅝	92⅝	Treasury 9¼pc '83	99⅝xd	−1/16	9.28	10.18
104⅝	96⅞	Exch. 13½pc '83	102 11/16	−1/16	13.15	10.18
101¼	91⅞	Exch. 10pc 1983	99⅞	−1/16	10.01	10.11
98¼	87⅝	Funding 5½pc '82-84‡‡	96⅞xd	−⅛	5.68	0.75
103¼	91⅞	Exch. 11¼pc 1984	100⅞	−⅛	11.15	10.30
107¼	96¼	Exchequer 14pc 1984	104 5/16	−⅛	13.42	10.55
94½	81⅛	Exch. 3pc 1984	93⅛	−⅛	3.22	8.10
105¼	91½	Treasury 12pc 1984	102¼	−1/16	11.74	10.50
112	96¼	Treasury 15pc 1985	107⅜	−¼	13.97	8.58
112¼	89½	Exch. 12pc Cnv '85	106¼	−⅛	11.24	8.58
91¼	73½	Treasury 3pc 1985	89¼	−¼	3.36	8.06
105½	87½	Treasury 11½pc 1985	101⅞xd	−⅜	11.29	18.67
61¼	57½	Treas. 8pc Cv85 (£60pd)	59½	−½	0.80	8.84
107⅝	88⅝	Exch. 12¼pc 1985	102 13/16	−⅛	11.90	11.01
106¼	86⅛	Exch. 11¾pc '86	101 13/16	−⅛	11.53	10.96
89½	69	Treasury 3pc 1986	87⅛	−½	3.44	7.37
107¼	86¼	Treasury 12pc '86	102 13/16	−⅛	11.66	10.95
100	80⅛	Treasury 8¼pc '84-86‡‡	97¼xd	−½	0.74	9.36
116¼	96⅛	Treas. 12¾pc '86 Cnv	109⅝xd	−1¼	11.17	9.02
114	91½	Exch. 14pc 1986	109¼	−½	12.03	10.99
112	90	Exch. 13¾pc 1987	107¼xd	−⅛	12.35	10.92
—	—	Exchequer 2½pc 1987	£84		2.90	7.03
103½	97	Exch. 10½pc 1987	99⅝	−⅜	10.54	10.58
93⅞	73⅞	Funding 6½pc '85-87‡‡	93	−⅛	6.99	8.46
85¼	64½	Treasury 3pc 1987	84½xd	−⅛	3.57	7.18
109	105⅞	Treas. 12pc 1987	103¼	−¼	11.57	10.96

Five to Fifteen Years

1982 High	1982 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
98	72½	Treasury 7¾pc '85-88‡‡	92⅞xd	−¼	8.30	9.44
102¼	95¼	Exch. 10½pc '88	98⅞	−½	10.01	11.19
81	60⅛	Transport 3pc '78-88	78⅞xd	−½	3.80	7.81
62¼	55⅝	Treas. 9½pc '88 (£60pd)	58¼	−½	10.08	10.90
107⅞	79⅞	Treasury 11½pc 1989	104⅛	−⅝	11.51	11.50

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS
Public Board and Ind.

LOANS—Continued
Financial
Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.
Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

صكرا من الاصول

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	46	
Bertrams	1T#	
Bdg'wtr. Est. 50p	465	
Craig & Rose £1	£121₂	
Finlay Pkg. 5p	31	
Graig Ship. £1	£20	
Higsons Brew	95	
Holt (Jos) 25p	835	
I.O.M. Stm. £1	87	+2
Pearce (C. H.)	£13	
Peel Hldgs.	157	
Sindall (Wm.)	280	

IRISH

Exch. 15pc 1983	£200¼	
Nat. 9¾% 84/89	£18½xd	
Fin. 13% 97/02	£92½	
Alliance Gas	115	
Arnott	195	
Carroll (P.J.)	78xd	
Concrete Prods.	53xd	
Helton (Hldgs.)	28	
Ins. Corpn. Ireland	383	
Irish Rope	26xd	
Jacob	98	
T.M.G.	95	
Unidare	44	

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	15	House of Fraser	15	Utd. Drapery	7
BOC Grp	17	I.C.I.	24	Vickers	12
B.S.R.	6	"Imps"	18	Woolworth Hld.	15
Babcock	10	I.C.L.	8	**Property**	
Barclays Bank	35	Ladbroke	16	Brit. Land	7½
Beecham	35	Legal & Gen.	28	Cap. Counties	12
Blue Circle	44	Lex Service	16	Land Secs.	26
Boots	22	Lloyds Bank	35	MEPC	17
Bowaters	19	"Lofs"	4	Peachey	14
Brit. Aerospace	20	London Brick	11	Samuel Props.	10
B.A.T.	50	Lucas Inds.	12	Town & City	3
Brown (J.)	9	"Mams"	12	**Oils**	
Burton Ord.	24	Mrks. & Spncr	16	Brit. Petroleum	26
Cadburys	11	Midland Bank	30	Burmah Oil	12
Courtaulds	8	N.E.I.	9	Charterhall	5
Debenhams	8½	Nat. West. Bank	35	KCA	8
Distillers	20	P & O Dfd.	14	Premier	4
Dunlop	5½	Plessey	50	Shell	35
Eagle Star	30	Racal Elect	45	Tricentrol	22
F.N.F.C.	4	R.H.M.	6	Ultramar	42
Gen. Accident	30	Rank Org. Ord.	15	**Mines**	
Gen. Electric	24	Reed Intnl.	26	Charter Cons.	20
Glaxo	90	Sears	9	Cons. Gold	40
Grand Met.	25	T.I.	13	Lonrho	8
G.U.S. "A"	50	Tesco	8	Rio T. Zinc	42
Guardian	35	Thorn EMI	38		
G.K.N.	15	Trust Houses	13		
Hawker Sidd.	30	Turner & Newall	4		
		Unilever	65		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 19

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling recovers after early fall

Sterling recovered from a weak start in currency markets on Friday to finish unchanged from Thursday. Its trade weighted index closed at 84.3, the same as Thursday's close, having stood at 84.0 at noon and 83.9 at the opening. Trading was very thin throughout the day and small selling orders in the morning may have reflected nervousness over recent reports suggesting lower oil prices. However, the pound made up ground during the afternoon to finish at $1.6170-1.6180 against the dollar, a fall of 40 points.

Sterling fell to DM 3.8450 against the D-mark from DM 3.8550 and FFr 10.8850 compared with FFr 10.9050. It was firmer against the Japanese yen, however, at Y380 from Y379.5 and improved in terms of the Swiss franc to SwFr 3.2450 from SwFr 3.24.

The dollar finished slightly firmer overall helped by year-end pressure pushing up short-term interest rates in the U.S. Federal funds were quoted as high as 14 per cent at one point before settling back to around 12 per cent. Against the D-mark the dollar eased to DM 2.3775 from DM 2.3780 but rose against the Swiss franc to SwFr 2.0075 from SwFr 2.00. It was also higher against the Japanese yen at Y234.80 from Y233.90 and FFr 6.7350 from FFr 6.7300. On Bank of England figures, the dollar's trade weighted index rose to 118.5 from 118.2.

The Belgian franc continued to weaken within the European Monetary System, and was trading very close to its intervention limit against the Dutch guilder. Although the level of trading was minimal ahead of the year-end, there was some support given by the West German Bundesbank as the Belgian unit remained outside its divergence limit against its central rate. Dealers were looking to the new year, with increasing expectations of some currency realignment seen as the most likely course.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.3207	+0.78	+1.89	±1.5501
Danish Krone ...	8.23400	8.11485	−1.45	−0.54	±1.6430
German D-Mark	2.33379	2.30014	−1.44	−0.53	±1.0888
French Franc ...	6.61387	6.52207	−1.39	−0.48	±1.3940
Dutch Guilder ...	2.57971	2.54208	−1.46	−0.55	±1.5004
Irish Punt	0.691011	0.692923	+0.28	+1.18	±1.6691
Italian Lira	1350.27	1325.70	−1.82	−1.45	±4.1363

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.6175	1.6160	1.6135	1.6113	1.6083
D-Mark	3.8450	3.8300	3.8038	3.7654	3.6944
French Franc	10.8850	11.02	11.29	11.8475	—
Swiss Franc	3.2450	3.2250	3.1900	3.1416	3.0420
Japanese Yen	380.0	378.7	376.8	373.7	391.4

BANK OF ENGLAND TREASURY BILL TENDER

	Dec 31	Dec. 24		Dec. 31	Dec. 24
Bills on offer	£100m	£100m	Top accepted rate of discount	9.7266%	9.9475%
Total of applications	£441.605m	£449.55m	Average rate of discount	9.7204%	9.9478%
Total allocated	£100m	£100m	Average yield	9.96%	10.20%
Minimum accepted bid	£97.575	£97.520	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	71%	80%			

OTHER CURRENCIES

Dec. 31	£	$		£ Note Rates
Argentina Peso	78,428-78,468	48,520-48,570	Austria	26.95-27.25
Australia Dollar	1.6450-1.6500	1.0205-1.0210	Belgium	77.70-78.70
Brazil Cruzeiro	406.79-407.79	251.41-958.67	Denmark	13.59-13.73
Finland Markka	8.5356-8.5780	5.2870-5.2900	France	10.80-10.90
Greek Drachma	110.120-113.562	70.26-71.25	Germany	3.81½-3.85½
Hong Kong Dollar	10.45½-10.46½	6.47-6.49	Italy	2200-2255
Iran Rial	135.00*	83.20*	Japan	379-384
Kuwait Dinar (KD)	0.4650-0.4660	0.2885-0.2888	Netherlands	4.21¼-4.25¼
Luxembourg Fr.	75.80-75.90	46.91-46.95	Norway	11.32-11.44
Malaysia Dollar	3.7325-3.7626	2.3140-2.3180	Portugal	145-175
New Zealand Dlr.	2.2000-2.2190	1.3660-1.3680	Spain	201½-213½
Saudi Arab. Riyal	5.5546-5.5755	3.4395-3.4415	Sweden	11.72-11.84
Singapore Dollar	3.38-3.42	2.1025-2.1075	Switzerland	3.20-3.24
Sth. African Rand	1.7395-1.7415	1.0755-1.0765	United States	1.60¼-1.62¼
U.A.E. Dirham	5.8890-5.9310	3.6710-3.6735	Yugoslavia	112-121

*Selling rates.

CURRENCY MOVEMENTS

Dec. 31	Bank of England Index	Morgan Guaranty Changes%
Sterling	84.3	−37.0
U.S. dollar	118.6	+9.4
Canadian dollar	89.3	−17.7
Austrian schilling	121.1	+29.7
Belgian franc	94.1	−1.9
Danish kroner	84.6	−9.6
Deutsche mark	128.9	+54.8
Swiss franc	148.9	+103.8
Guilder	110.1	+27.1
French franc	74.5	−19.1
Lira	53.5	−58.5
Yen	143.8	+38.9

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 31*	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.681850	0.600280
U.S. $	8½	1.10492	0.967867
Canadian $	10.05	n.a.	1.19265
Austria Sch.	4¾	18.4378	16.1848
Belgian F	11½	51.6440	45.3207
Danish Kr.	10	9.25094	8.11485
D mark	5	2.62120	2.30014
Guilder	5	2.89600	2.54206
French F	9½	7.43959	6.52207
Lira	18	1510.70	1325.70
Yen	5½	268.220	227.160
Norwgn. Kr.	9	7.78105	6.82592
Spanish Pta.	—	138.779	121.491
Swedish Kr.	10	8.05984	7.06090
Swiss Fr.	4½	2.19890	1.93028
Greek Dr'ch	20½	n.a.	68.8698

Please note that the SDR rates are for Dec 30.

THE POUND SPOT AND FORWARD

Dec 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6095-1.6210	1.6170-1.6180	0.18-0.13c pm	1.15	0.45-0.35 pm	0.99
Canada	1.9840-1.9950	1.9895-1.9905	0.06c pm-0.02 dis	0.18	0.20-0.10 pm	0.30
Nethlnd.	4.23-4.26	4.24½-4.25½	2¼-1¼c pm	6.65	5¾-6¼ pm	6.18
Belgium	75.20-76.00	75.80-75.90	35-45c dis	−6.33	65-85 dis	−3.95
Denmark	13.50-13.57	13.54-13.56	8-11¼ore dis	−8.74	28-31¾ dis	−8.84
Ireland	1.1530-1.1630	1.1575-1.1600	0.41-0.59p dis	−5.18	1.20-1.57dis	−4.78
W. Ger.	3.82½-3.86½	3.84-3.85	1¾-1¼pf pm	4.68	4¾-3¾ pm	4.29
Portugal	143.50-148.50	144.00-147.00	145-345c dis	−20.21	345-1050d	−18.17
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 77.75-77.85.
Six month forward dollar 0.67-0.57c pm. 12-month 1.00-0.85c pm.

THE DOLLAR SPOT AND FORWARD

Dec 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6095-1.6210	1.6170-1.6180	0.18-0.13c pm	1.15	0.45-0.35 pm	0.99
Ireland†	1.3910-1.4000	1.3930-1.3960	0.82-0.72c pm	6.63	2.13-1.83 pm	5.62
Canada	1.2310-1.2360	1.2320-1.2330	0.07-0.11c dis	−0.88	0.23-0.28dis	−0.83
Nethlnd.	2.6225-2.6325	2.6265-2.6285	1.00-0.90c pm	4.34	2.80-2.65 pm	4.15
Belgium	46.80-46.96	46.91-46.93	28-33c dis	−7.54	58-68 dis	−6.37
Denmark	8.3600-8.4000	8.3750-8.3850	3½-5ore dis	−6.08	12¼-14¼ dis	−6.44
W. Ger.	2.3725-2.3860	2.3770-2.3780	0.74-0.64pf pm	3.46	2.05-1.95 pm	3.36
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible franc. Financial franc 46.91-46.93.

EXCHANGE CROSS RATES

Dec. 31	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.618	3.845	380.0	10.885	3.245	4.250	2210.	1.990	75.85
U.S. Dollar	0.618	1	2.377	234.9	6.728	2.006	2.628	1366.	1.230	46.89
Deutschemark	0.260	0.421	1	98.83	2.831	0.844	1.106	574.8	0.518	19.73
Japanese Yen 1,000	2.632	4.257	10.12	1000.	28.64	8.539	11.18	5816.	5.237	199.6
French Franc 10	0.918	1.486	3.532	349.1	10.	2.981	3.904	2034.	1.828	69.68
Swiss Franc	0.308	0.498	1.185	117.1	3.354	1.	1.310	682.4	0.613	23.37
Dutch Guilder	0.235	0.381	0.905	89.41	2.561	0.764	1.	521.1	0.468	17.85
Italian Lira 1,000	0.452	0.730	1.738	171.6	4.918	1.465	1.919	1000.	0.898	34.25
Canadian Dollar	0.503	0.813	1.932	191.0	5.470	1.631	2.136	1113.	1.	38.12
Belgian Franc 100	1.318	2.132	5.069	501.0	14.35	4.278	5.603	2920.	2.624	100.

MONEY MARKETS

London rates continue to ease

Interest rates continued to ease in the London money market on Friday in very quiet end of year trading. Fixed periods declined slightly, with seven-day funds falling by about ¼ per cent when the Bank of England forecast a small shortage of £200m. On Thursday the forecast shortage was revised down sharply to £250m from £550m, but on Friday the situation was reversed, and the authorities increased the shortage to £450m at noon.

Banks were expected to bring forward above target balances of £200m following indications that the Bank of England gave significantly more help than the underlying factors required the previous day.

Market liquidity was also helped by an unusual pre-weekend fall in the note circulation of £50m, and Exchequer transactions of £230m. Bills maturing in official hands and a take-up of Treasury bills by the market drained £191m, while the unwinding of repurchase agreements absorbed another £498m.

Total assistance provided by the Bank of England was £384m, all through outright purchases of bank bills. In the morning the authorities bought £279m bills by way of £221m bills in band 2 (15-3 days) at 10 per cent; and £58m bills in band 3 (34-63 days) at 10 per cent.

After lunch another £105m bills were purchased, through £32m in band 1 (up to 14 days) at 10 per cent; £62m in band 2 at 10 per cent; and £11m in band 3 at 10 per cent.

On the London International Financial Futures Exchange interest rate contracts were steady in quiet trading, reflecting the lack of activity in cash markets. Eurodollars for March delivery finished slightly firmer, while the March short sterling deposit closed weaker, but showed a small improvement from the opening level. Gilt edged prices were about ½ point lower in cash trading, and futures prices fell accordingly.

LONDON MONEY RATES

Dec. 31 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9¾-13	—	—	—	10⅛-10¾	10-10⅛	—	—	—
2 days notice	—	—	10⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10⅝	—	—	—	—
7 days notice	—	10⅛-10⅞	10⅛	—	—	10¹¹⁄₁₆	10¼	—	—	—
One month	10⅝-10½	10½-10¾	10⅛	11⅝-11⅜	10⅝	10¹¹⁄₁₆	10	10¹⁄₃₂	10¹⁄₁₆	10¹¹⁄₁₆
Two months	10½-10⅜	10⅝-10⁷⁄₁₆	10⅜	11⅜-11	10⅝	10¹¹⁄₁₆	9⅞	10	10	10⅜
Three months	10⁵⁄₁₆-10³⁄₁₆	10⅛-10⅝	10⅛	11⅛-10¾	10⅝	—	9¾	9¾	9¹⁵⁄₁₆	10⁵⁄₁₆
Six months	10⅛-10	10⅛-10⅛	10¼	10⅜-10	10⅛	—	—	—	9¹⁵⁄₁₆	10⁵⁄₁₆
Nine months	10⅛-10	10⅛-10⅛	—	10⅝-10¼	10⅛	—	—	—	—	—
One year	10⅛-10	10⅜-10½	10¼	10½-10¼	10½	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period November 3 to December 7 1982 (inclusive): 9.810 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11½ per cent; four years 11½ per cent; five years 11¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 9⅞ per cent; four month trade bills 10½ per cent.

Approximate selling rate for one month Treasury bills 9²³⁄₃₂ per cent; two months 9⅝ per cent and three months 9⅝ per cent. Approximate selling rate for one-month bank bills 10 per cent; two months 9¹⁵⁄₁₆ per cent, and three months 9⅞ per cent; trade bills 10⁷⁄₁₆ per cent; two months 10⅜ per cent and three months 10⁵⁄₁₆ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10½ per cent from January 1, 1983. London and Scottish Clearing Bank Rates for lending 10-10½ per cent. London Deposit Rates for sums at seven days' notice 6¾-7 per cent.

Treasury Bills: Average tender rates of discount 9.7204 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 10¾ per cent; one-three-month 10½ per cent; three-12-month 10⅝ per cent. Under £100,000 10¾ per cent from December 31. Deposits held under Series 3-5 10½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Dec. 31	Short term	7 days notice	Month	Three Months	Six months	One Year
Sterling	10½-10¾	10½-10¾	10⁹⁄₁₆-10⁷⁄₁₆	10⁵⁄₁₆-10³⁄₁₆	10⁵⁄₁₆-10³⁄₁₆	10⅜-10½
U.S. Dollar	9¼-9½	9⅛-9½	9⅛-9⅜	9⅛-9⅜	9¼-9⅛	9⅜-9⅛
Can. Dollar	10½-11½	10-11	10-10¼	10-10⅛	10⅛-10⅜	10¼-10⅛
D. Guilder	5⅛-5⅜	5⅛-5⅜	5⅛-5¼	5⅛-5⅜	6⅜-6⅛	5⁵⁄₁₆-5⅜
S. Franc	1¼-1½	1½-1⅜	2¾-2⅛	3⅛-3⅛	3½-3⅝	3½-3⅝
Deutschm'rk	5⅞-6	6⅛-6	5⅜-6	6⅛-6	5⅞-6	6-6⅛
Fr'nch Franc	12¾-13¼	14-15	25-26	24-26	23⅛-24½	19½-21½
Italian Lira	14-18	17-24⅝	26⅝-30¾	24⅝-26	24⅛-25⅜	24-25⅜
Belg. Franc						
Conv.	10-19	15-18	16-17	14¼-16¼	13½-14½	12¼-16
Fin.	11½-12	12⅛-12⅜	12⅛-12⅜	12⅛-12⅜	12⅛-12⅜	10⅛-12⅛
Yen	6-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛
D. Krone	8-10	14-16	16½-18	18⅞-20⅝	18½-20	17½-19
Asia $ (Sing.)	9⅛-9⅜	9⅛-9⅛	9⅛-9¼	9¼-9⅜	9⅜-9⅛	9⅜-9¾

FT LONDON INTERBANK FIXING
(11.00 a.m. DECEMBER 31)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 5/16	offer 9 5/16	bid 9 3/8	offer 9 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11-11½
Fed funds (lunch-time)	12-12½
Treasury bills (13-week)	7.80
Treasury bills (26-week)	8.86

GERMANY

Lombard	6.0
Overnight rate	6.90
One month	6.90
Three months	6.30
Six months	6.225

FRANCE

Intervention rate	12.75
Overnight rate	12.9375
One month	12.8125
Three months	12.8125
Six months	12.8125

JAPAN

Discount rate	5.5
Call (unconditional)	7.03125
Bill discount (3-month)	7.09375

SWITZERLAND

Discount rate	5
Overnight rate	⅞-1⅛
One month	2¹¹⁄₁₆-2¹³⁄₁₆
Three months	3⅜-3⅝

NETHERLANDS

Discount rate	5
Overnight rate	5¾-6¼
One month	6¼-6⅜
Three months	5⅞-6⅛
Six months	5⅝-5⅞

$ CERTIFICATES OF DEPOSIT

One month	8.80-8.90
Three months	8.80-8.90
Six months	8.80-8.90
One year	9.10-9.30

LONG TERM EURO $

Two years	10⅞-11
Three years	11⅛-11⅜
Four years	11⅜-11⅞
Five years	11⅞-12⅛

SDR LINKED DEPOSITS

One month	9¹¹⁄₁₆-10¹⁄₁₆
Three months	9¾-10⅛
Six months	9¹³⁄₁₆-10³⁄₁₆
One year	9⅞-10

ECU LINKED DEPOSITS

One month	12⁷⁄₁₆-12¹¹⁄₁₆
Three months	12⁵⁄₁₆-12⁹⁄₁₆
Six months	12-12¼
One year	11⅝-11⅞

FINANCIAL FUTURES

In the tables below London International Financial Futures Exchange prices are for December 31. Prices quoted for Chicago are as of January 3.

LONDON

3-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.94	90.94	90.87	90.86
June	90.56	90.57	90.53	90.51
Sept	90.28	90.28	90.24	90.21
Dec	89.75	89.75	89.75	89.70
March	89.40	89.40	89.40	89.36

Volume 385 (910).
Previous day's open int. 2,119 (1,969).

3-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.38	90.40	90.34	90.42
June	90.26	90.27	90.21	90.28
Sept	90.00	90.00	90.00	90.04

Volume 303 (502).
Previous day's open int. 2,623 (2,516).

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	103-12	103-30	103-10	104-07
June	102-29	102-29	102-29	102-22

Volume 482 (724)
Previous day's open int. 2,201 (2,139).
Basis quote (clean cash price of 15½% Treasury 1998 less equivalent price of near futures contract) 2-12 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev.
March	1.6140	1.6140	1.6100	1.6195
June	1.6105	1.6105	1.6105	1.6190

Volume 3 (147)
Previous day's open int. 555 (570).

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev.
March	0.4216	0.4216	0.4216	0.4240
June	0.4274	0.4274	0.4274	0.4278

Volume 2 (31)
Previous day's open int. 511 (524).

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.5048	0.5085	0.5085	0.5068
June	0.5144	0.5144	0.5144	0.5144

Volume 2 (29)
Previous day's open int. 137 (154)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4283	0.4285	0.4283	0.4306
June	0.4287	0.4287	0.4287	0.4287

Volume 23 (31)
Previous day's open int. 103 (83).

CHICAGO

U.S. TREASURY BONDS (CBT) 8pc $100,000 32nds of 100pc

	Latest	High	Low	Prev
March	77-13	77-21	77-01	—
June	76-23	77-01	76-18	—
Sept	76-08	76-12	75-28	—
Dec	75-21	75-30	75-09	—
March	75-12	75-24	75-06	—
June	75-05	76-10	74-31	—
Sept	74-30	75-03	74-25	—
Dec	74-23	74-29	74-17	—
March	74-18	74-24	74-12	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100pc

	Latest	High	Low	Prev
March	92.33	92.40	92.28	92.28
June	91.93	91.98	91.90	91.92
Sept	91.57	91.63	91.57	91.58
Dec	91.27	91.33	91.25	91.32
March	90.98	91.07	90.98	91.04
June	90.81	90.81	90.60	90.85
Dec	—	—	—	90.58

CERT. DEPOSIT (CBT) $1m points of 100pc

	Latest	High	Low	Prev
Dec	—	—	—	90.18
March	91.40	91.47	90.81	91.36
June	90.92	90.96	90.91	90.90
Sept	90.58	90.60	90.56	90.62

3-MTH EURODOLLAR (IMM) $1m points of 100pc

	Latest	High	Low	Prev
March	90.78	90.80	90.70	90.70
June	90.30	90.34	90.28	90.25
Sept	89.96	90.03	89.94	89.90
Dec	—	—	—	89.66

STERLING (IMM) $e per £

	Latest	High	Low	Prev
March	1.6210	1.6260	1.6175	1.6285
June	1.6225	1.6230	1.6180	1.6255
Sept	—	—	—	1.6235
Dec	1.6140	1.6140	1.6140	1.6225
March	—	—	—	—

GNMA (CBT) 8pc $100,000 32nds of 100pc

	Latest	High	Low	Prev
March	69-16	69-27	69-13	—
June	68-28	69-07	68-24	—
Sept	68-14	68-25	68-12	—
Dec	68-04	68-12	68-01	—
March	67-30	68-05	67-28	—
June	67-28	67-28	67-22	—
Sept	67-24	67-24	67-24	—
Dec	67-14	67-19	67-05	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—
Dec	—	—	—	—

WEEKLY CHANGE IN WORLD INTEREST RATES

	Dec. 31	change		Dec. 31	change
LONDON			**NEW YORK**		
Base rates	10-10¼	Unch'd	Prime rates	11-11½	−½
7 day interbank	10⅛-10⅞	−⅛	Federal funds	12	+3⅛
3 mth interbank	10⅛-10⅝	−⅞	3 mth Treasury Bills	7.90	+0.08
Treasury Bill Tender	9.7204	−0.2274	6 Mth. Treasury Bills	8.01	+0.04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. * Band 4 10.

COMPANY NOTICES

INSURANCE

Consumer stands to lose in life companies' commissions battle

BY ERIC SHORT

MOST BIG battles in World War I commenced with a massive artillery barrage before the combatants came to grips on the invariably bloody battlefields. The first battle in the commissions war between life companies, which starts today, the first working day of the New Year, has been preceded by a barrage of words from some life companies indicating a battle of some magnitude in the weeks ahead.

A commissions war looked likely in September, when the Life Offices Association (LOA) and the Associated Scottish Life Offices (Aslo) announced the termination of the commissions agreement at the end of 1982. For two decades this had controlled the amount member life companies could pay independent intermediaries for life and pension business. The one scale applied to all types of intermediary from the full-time registered insurance broker to the garage owner who handled insurance in his spare time.

This decision meant that from the beginning of 1983 member life companies would be able to pay whatever commission they considered necessary or desirable. The reason given at the time for this action was to enable member companies to meet the "unfair" competition in linked life and pension business from those life companies which were not members of the associations.

Some life company executives at this time made threatening noises as to how major life companies could use this freedom to curb competition from these non-member companies—the initial shots in a forthcoming war. But most executives hoped that wiser councils would prevail and that a new commissions agreement could be produced to replace the old one.

Representatives of the associations and the non-member companies have formed an action group to produce such a new agreement. Though the talks have been held in a cordial atmosphere they have not made much concrete progress.

Although the associations officially went ahead with the termination of the agreements they expressed the hope that member companies would carry on as before regarding commission payments and hold the line until a new agreement appeared. This hope was smashed in mid-December when a consortium of 12 major life companies, including all eight member companies of Aslo, launched a pre-emptive strike.

These companies said they did not intend to continue as before from January 1, 1983, and that they intended to operate an orderly market where intermediaries knew exactly where they stood. So the consortium announced its own commission scale to replace the old one for as long as it took for the action group to produce this new agreement. The announcement has thrown the market into a complete state of confusion and possibly shattered any hopes of agreement by the action group.

The consortium is attacking non-member life companies over linked business by putting up the basic commission rate on Single Premium Investment Bonds from 3.5 per cent to 4.5 per cent and then paying registered brokers a further 15 per cent of the commission (that is 5.175 per cent) and other full-time intermediaries an extra 10 per cent (4.95 per cent). This has brought strong criticism from the Unit Trust Association whose members can only pay a maximum of 3.25 per cent on direct unit trust sales.

The consortium has also turned its guns on intermediaries who produce traditional life business by the introduction of the differentials. *Building societies* and part-time intermediaries will get the same commission as before from the consortium.

The consortium initially invited other life companies to join in and held a meeting before its announcement to explain its actions. It is understood the meeting was far from friendly and that the consortium was attacked for presenting differentials as a fait accompli without prior discussion.

Since the announcement, other traditional life companies that had intended to maintain the previous scale at least temporarily are announcing their new commission scales for 1983.

The scene is set for a shambles, and it will be the consumer who pays the price of higher commissions. The situation has deteriorated so much that it can be resolved only by action from a strong chief executive overlording the life assurance industry.